

THE UNIVERSITY OF CHICAGO

Federal Responsibility for Relief

A Part of a Dissertation Submitted to the Faculty
of the School of Social Service Administration in
Candidacy for the Degree of Doctor of Philosophy

1941

By

DONALD S. HOWARD

Reprinted from

The WPA and Federal Relief Policy

Russell Sage Foundation, New York, 1943



Digitized by the Internet Archive
in 2026

https://archive.org/details/IA41533907_0040

THE UNIVERSITY OF CHICAGO

Federal Responsibility for Relief

A Part of a Dissertation Submitted to the Faculty
of the School of Social Service Administration in
Candidacy for the Degree of Doctor of Philosophy

1941

By

DONALD S. HOWARD

Reprinted from

The WPA and Federal Relief Policy

Russell Sage Foundation, New York, 1943



CHAPTER XXVI

FEDERAL RESPONSIBILITY FOR MEETING RELIEF NEEDS

THE FEDERAL government, especially since 1933, has accepted more or less responsibility for aiding needy persons of many types. While disclaiming responsibility for certain kinds of need, it claims to have assumed a special degree of responsibility for aiding needy persons who are employable. Yet, the federal government has neither met effectively the need of the employable unemployed nor has it maintained a completely aloof attitude toward relief needs for which it has disavowed responsibility.¹

INCREASED RESPONSIBILITY FOR RELIEF ONLY ONE ASPECT OF THE CHANGING ROLE OF THE FEDERAL GOVERNMENT

Federal responsibility for relief cannot properly be understood apart from consideration of the increasingly important role of the national government in a number of fields which vitally affect the American people. As Aubrey Williams once stated, the development of a national program of public work for the unemployed was but one result of the belief that, since our economy is national in character, problems growing out of that economy should be solved by federal action.

The recent growth in the importance of the federal government, so greatly accelerated during the 1930's, got its start soon after this nation was founded.²

¹ This issue is further discussed in the succeeding chapter. Except when otherwise specified, the term "federal responsibility," as used in this chapter in connection with the role various observers have thought the government should play in aiding needy persons, connotes no particular degree of participation and implies nothing as to whether the federal government should bear all, half, or any other specified proportion of the cost of such assistance. Neither does the term connote any particular type of responsibility as, for example, that the federal government should or should not itself control and operate assistance programs. Problems regarding degree of administrative and financial responsibility for various relief programs are discussed in chaps. I, 30, 31.

² This is clear in what H. S. Commager has said of the long history of the growth of federal power in the United States: "The efforts of the present Administration [i.e. that of President Roosevelt] to extend national supervision over such matters

The WPA and Federal Relief Policy

In retrospect, it is interesting to note that when Walter Lippmann in 1935 wrote about the President who had extended federal power over banks, insurance companies, railroads, farms and factories "beyond anything ever known in time of peace" he was not writing of Franklin D. Roosevelt, but of Herbert Hoover.¹

Though the beginning of the trend toward centralization lies far in the past there can be no blinking the fact that the process has been speeded up since 1930. Between 1930 and 1940, for example, federal aid to states (exclusive, of course, of loans and direct federal expenditures like those of the WPA) rose from approximately 135 million to over 580 million dollars. In 1930 more than one-half of the federal funds granted to states were for highways and nearly a fourth for the National Guard. The remainder went for some eight or nine other purposes. By 1940 the types of activity aided had increased to 21, most important of which was federal aid for old-age assistance, which together with other social security payments amounted to over half (53 per cent) of the total grants to states.²

as industry, labor, agriculture, power production, relief and similar activities have excited a good deal of trepidation and some dismay. It is well to remember that this is no new development, but merely the continuation of a process which has been under way since the beginning of the Republic, and that at every stage that process has excited similar dismay and inspired prophecies of disaster. For the causes of the growth of national power lie, of course, not in the ambitions of men but in the growth of the nation itself and the rapid development of national economic institutions.

"The beginnings of that process date back to the Washington Administration, when it was found expedient to use the national power to establish a national bank and to erect a tariff that had protective features—that was designed, in short, to build up a self-sufficient nation. Washington's successors, of whatever party, were equally willing to recognize realities. It was Jefferson, often thought a doctrinaire advocate of State rights, who bought Louisiana, doubling at one stroke the national territory and giving an immense impetus to nationalism, and it was the same Jefferson who did not hesitate to use the powerful weapon of the embargo in an effort to preserve peace.

"Madison had written the Virginia resolutions asserting the right of the State to nullify acts of Congress, but he did not hesitate to sign the recharter of the national bank nor the tariff of 1816. John Quincy Adams counted himself a Jeffersonian, but his plan for national improvements, national aid to science and education, marks him, too, as a far-sighted realist. Andrew Jackson, representative of frontier democracy, gave short shrift to the dialectics of State sovereignty. And the policies of these men were dictated, in every case, by a common-sense recognition of actualities."—Henry Steele Commager, professor of history, New York University, "Pro—Should the Powers of the Federal Government Be Increased?" in *Congressional Digest, The Pro and Con Monthly*, vol. 19, no. 8-9, August-September, 1940, pp. 203-204. An arrangement of "Con" material also appeared in this number.

¹ New York Herald Tribune, June 20, 1935.

² For detailed discussion of recent growth of federal aid see Macdonald, Austin F., "Federal Aid to the States: 1940 Model," in the *American Political Science Review*, vol. 34, no. 3, June, 1940, pp. 489-491.

The Broader Issues

Growth of the power of the federal government in the United States is no isolated phenomenon but is of a piece with similar changes in other countries and in other areas of human affairs in this country. Writing of what he termed "the movement of power from local areas to state and national centres in government," Leonard D. White has declared that this "is not an isolated tendency." Continuing, this authority adds:

In the last years of the nineteenth century and the opening decade of the twentieth, the concentration of industrial power in the great industrial capitals proceeded at an unparalleled rate and led to much hotly contested legislation seeking ways and means of dealing with the new situation. The development of chain stores in the last decade reveals the same tendency in the marketing field, while the concentration of financial power in the banking world has been frequently noted.

The industrial and business world therefore shows much the same trend toward centralization and the enlargement of areas which is characteristic of government. Our whole social organization, could it be examined in detail, would presumably show the same drift. . . .

The same underlying conditions are leaving their impress on public affairs. . . .

In a similar way the standardization of tastes, fashions, goods and habits aids the process of centralization to diminishing the sense of locality. . . .

The fact is that our whole social organization and existence is tending toward a wider and wider base. Not business alone, but the professions, labor, philanthropy, reformers, social organizations, civic organizations are reaching toward or have in fact already attained a nationwide structure with varying degrees of authority vested in the central governing body. Much further light could be thrown on governmental centralization by ascertaining the extent of corresponding non-public organization.¹

CONSIDERATIONS FAVORABLE TO ENLARGING THE ROLE OF THE GOVERNMENT IN VARIOUS SOCIAL PROGRAMS

Many of the factors that have led to the gradual extension of federal activity in other areas of American life also apply to the growth of national responsibility for relief. In addition to these, however, there are a number of other considerations which, though (as noted hereafter ²) particularly applicable to the meeting of relief needs, are also important to other needs.

An important argument frequently advanced in favor of federal participation in the administration of various governmental

¹ Trends in Public Administration. McGraw-Hill Book Co., New York, 1933, pp. 17-18, 139.

² See especially chaps. 28 and 29.

The WPA and Federal Relief Policy

activities is the need for equalizing, among the states, the cost of beneficial social services. This is necessary, it is said, lest states rendering relatively extensive services be penalized while other states which do not maintain an equally broad range of activities may, through avoidance of taxes, enjoy an unfair advantage.¹

So important did this consideration appear to the United States Supreme Court that in its decision upon the constitutionality of the unemployment compensation provision of the Social Security Act, it held that failure of states, prior to and immediately after 1935, to enact unemployment compensation laws was not "for the most part" due to "lack of sympathetic interest" so much as to:

. . . alarm lest, in laying such a toll upon their industries, they would place themselves in a position of economic disadvantage as compared with neighbors or competitors. . . . The attitude of Massachusetts is significant. . . . She prescribed that its provisions [i.e., those of an act establishing an unemployment insurance system] should not become operative unless the federal bill became a law, or unless eleven of the following states (Alabama, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Vermont) should impose on their employers burdens substantially equivalent. . . . Her fear of competition is thus forcefully attested.

Thus, among other achievements, Congress by passing the unemployment insurance title of the Social Security Act placed "the states upon a footing of equal opportunity" and leveled "obstructions to the freedom of the states."² Similar questions also figured prominently in the report of the President's Committee on Economic Security which recommended to Congress enactment of the proposed social security legislation.³

An additional factor giving rise to increased federal participation in the field of social legislation has been a desire to equalize

¹ This is not to say that disadvantages resulting from high taxes may not, particularly in the long run, be more than offset by benefits reaped from the more extensive social program thus made possible. To those who look only to the short run, however, relatively low tax levels may be preferred to more adequate governmental service.

² *Steward Machine Co. v. Davis*, 301 U. S. 548, 588, 591; 109 A. L. R. 1293.

³ See, for example, Report to the President, Government Printing Office, Washington, 1935. The importance of equalizing tax burdens among the various states has recently been emphasized in demands made by a number of authorities for the elimination of merit rating under state unemployment compensation laws. See, for example, section on "Social Security" by Ewan Clague, in *Planning for America*, by George B. Galloway and associates. Henry Holt and Co., New York, 1941.

The Broader Issues

opportunity for all the people of the nation: (a) lest people be stimulated unduly to move from one part of the country to another;¹ (b) lest those who must move away from more privileged communities be called upon to forfeit their eligibility for social services essential to their welfare and security; (c) lest health and welfare in one area be threatened by the influx of "undesirable" persons from areas in which low standards of education, public health, and general welfare might have been allowed to prevail; and, finally, (d) lest communities whose social services are of relatively high grade be called upon to make undue expenditures to bring up to par new residents coming from areas in which educational, health, and other fundamental needs were met but poorly if at all.²

Finally, extension of federal responsibility of all kinds is a manifestation of a new social consciousness which manifests itself in increased concern on the part of the nation as a whole with the well-being of all. Fundamentally, this intra-national "good-neighbor" policy or "new moral climate," as President Roosevelt

¹ Although it is frequently held that people who move tend to congregate in those jurisdictions where relief standards are highest there are few objective data to support this view. Moreover, data of this kind are most difficult to procure because of the almost insuperable technical problem of ascertaining whether people do in fact move in order to qualify for more nearly adequate relief. Even if this were an important motivating factor, reluctance to admit this to any kind of research worker would be understandable.

Despite the hazards involved, attempts are sometimes made to ascertain the extent to which people move to areas having relatively good relief programs primarily because of these measures. Noteworthy among such studies is that made by Philip E. Ryan, in New York, in 1938. This study, covering 659 relief cases having either no legal settlement or having settlement somewhere outside the state of New York, revealed that "For the State as a whole, approximately one-half of the reasons given were classified as 'seeking employment'. . . . The next largest group of reasons came under the heading, 'to live with relatives or friends.' This group accounted for 72 out of the 299 reasons reported in New York City and 161 out of the 481 reasons reported Upstate. The third largest division was that classified under the heading, 'other.' The reasons grouped under this heading included 'desertion of husband,' 'marital difficulties,' 'repatriation,' 'to return to place of birth,' 'to retain citizenship,' etc. One-fifth of the reasons given in New York City were reported as 'other,' as against 11.6 per cent Upstate. On a State-wide basis this classification included 14.9 per cent of the reasons given.

"Only a very small number of the cases indicated that the reason for coming to New York was the quest for better relief provisions. Only 10 of the reported 780 reasons were so classified, two in New York City and eight Upstate. Both the number of cases seeking medical care and the number looking for greater educational advantages exceeded those seeking better relief provisions. It should be restated here that the reasons reported were those given by the applicant and are not the result of interpretation by the worker."—The New York State Program for Non-Settled Persons. New York (State) Department of Social Welfare, January 31, 1939, p. 26.

² For discussion of further considerations of this type, see chap. 28.

The WPA and Federal Relief Policy

has called it, may be attributable to changing political, social, and even religious concepts.¹

FACTORS HAVING A SPECIAL BEARING ON GROWTH OF FEDERAL RESPONSIBILITY FOR RELIEF NEEDS

Factors already enumerated as contributing to the steady extension of federal power have not, of course, been the only forces underlying this phenomenon. Others, about to be discussed, though also applicable to the growth of federal responsibilities in general, have a specific bearing upon the evolution of federal responsibility for aid to needy persons.

Needs Unmet Through State and Local Provision

Prominent among reasons constantly advanced in support of federal responsibility for relief needs has been the contention that without federal aid a vast amount of need would go unmet. The force of this argument, put forward early in the depression and continually reiterated, has frequently silenced even those who disagreed with the principle of federal aid for relief, but who were unable to stand their ground in the face of incontrovertible evidence of unrelieved need. It was this argument which, from 1930 to early 1933, was most frequently advanced in support of federal aid for unemployment relief. Early in 1932, for instance, a score of labor leaders, social workers, and others testifying before a Senate Committee urged federal action on the ground that this was essential if needs as they saw them were to be met.² For example, Donald R. Richberg, eminent attorney

¹ In various pleas for the maintenance or expansion of federal services President Roosevelt repeatedly has appealed to religious convictions as he did in 1936 when, in a request for funds for continuance of the WPA program, he declared: "Your government is still on the same side of the street with the Good Samaritan and not with those who pass by on the other side."—As quoted in the *New York Times*, November 1, 1936.

² Various witnesses appearing before this Committee urged federal aid for relief because millions were living in localities where there were no organized private charities to meet current need; because many community chests had failed to reach their goals, 47 of 200 having failed by 10 per cent or more, and because only about 30 per cent of community chest funds raised was for relief purposes; because many states, cities, and localities were unable to meet demands made upon them for relief of the need; because there had to be "some method for distributing funds from one part of the country to another" since some community chest campaigns had "fallen down very flat" and public agencies were without sufficient funds; because federal aid was necessary to the preservation not only of relief standards and living standards but also of all social services in many communities which found it necessary to divert funds from them to relief purposes.—U. S. Senate Committee on Manufactures

The Broader Issues

who later became executive director of the National Emergency Council, general counsel of the National Recovery Administration (NRA) and chairman of the NRA board, declared:

It can not be suggested seriously by any honest man conversant with the situation that the army of . . . unemployed . . . workers can hope to escape privation . . . through the State, municipal, or private aid which is available in the great cities of this country. . . .

. . . the demand for Federal relief of unemployment is already long overdue. . . . Too many men and women have walked the streets for too many months, looking for work. Too many men, women, and children have been hungry in the midst of plenty too long—far too long. . . .

It may not be written in the Constitution, but it is written in the religion of America, that the wealth of America is held in trust for the people of America. And it is written in the Constitution that the power to tax the wealth of America to provide for the common defense and general welfare lies in the Congress of the United States.¹

Sweeping aside niceties of federal, state, and local relationships, Sidney Hillman, the well-known labor leader who has served in such important posts as member of the Labor Advisory Board under the NRA, member of the Fair Labor Standards Board, and as associate general director of the Office of Production Management, testified:

We ought to be concerned about providing a decent sort of living for the men and women in this country and I am not concerned whether the county of Cook or the city of Chicago will do it or whether they want to do it or not. There is one agency that can do it, and that is the Government in Washington, and not doing it is merely going back on . . . the people of these United States—it is just deserting the army of unemployed. . . .²

Though opposing the federal government's entering the relief business, in 1931 and 1932 many of the bitterest critics of such proposals conceded that if local and state governments were unable to meet the need, the federal government would have to step in. Even President Hoover, as early as 1931, admitted:

I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country, together with the local and State governments, are unable to find resources with which to prevent hunger and

(Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. Government Printing Office, Washington, 1932, pp. 7, 102-103, 112, 124-125, 146, 224-226.

¹ *Ibid.*, pp. 338, 340.

² *Ibid.*, p. 345.

The WPA and Federal Relief Policy

suffering in my country, I will ask the aid of every resource of the Federal Government.¹

A similar position was taken by Walter S. Gifford, director of President Hoover's Organization on Unemployment Relief, when, in testimony before a Senate Committee, he declared that he opposed federal aid for relief, not because he was opposed to the principle of national responsibility for relief needs, but rather because he felt federal aid was not needed yet.²

Ever since those controversial days of the early 1930's down to the passage of the most recent ERA Act federal action again and again has been urged on the ground that this was essential to meeting existing needs. In 1937, for example, a group of approximately 150 prominent citizens,³ speaking for the National Unemployment League, addressed President Roosevelt as follows:

We are convinced, from the experience of the past seven years, that measures for relief of mass unemployment such as exists today, can be effective only when the initiative and major responsibility are assumed by the Federal Government. It is an immense and, apparently, a permanent national job and must be met by national legislation.⁴

In 1938 the National Emergency Council, consisting of the President, Vice President, members of the Cabinet, Attorney General, and chairman of various federal boards and agencies, submitted to a Senate Committee a report on this matter which said, in part, "it is generally conceded that local governments, and even States, can no longer bear the burden of unemployment."⁵

¹ As quoted in the New York Times, February 4, 1931.

² See, for example, U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. 1932, pp. 313, 318, 321, and 332. In response to a question by Senator Costigan as to "what evidence of human need" would be required to satisfy him "that the Federal Government should make an appropriation," Mr. Gifford replied: "I think if a State government were absolutely broke and could not raise any more money by taxes or otherwise, that would be pretty satisfactory, assuming now that the local communities and counties could not do the thing directly and State aid was asked and the State legislature met and they could not sell any bonds and the tax limits had been reached and they could not tax anybody. I think that would be pretty good evidence."—*Ibid.*, p. 332. For indications of sharp differences of opinion (between the administration on one hand and labor leaders and social workers, on the other) as to existing needs see *Ibid.*, pp. 343, 345, and 346.

³ Including the Rev. John Haynes Holmes, the Right Rev. John A. Ryan, Sidney E. Goldstein, Dorothy C. Kahn, Stuart Chase, Freda Kirchwey, Harry W. Laidler, William Pickens, Vida L. Scudder, Norman Thomas, Paul H. Douglas.

⁴ [Appeal] to the President and the Congress. New York, November-December, 1937.

⁵ U. S. Senate Committee on Appropriations (Hearings on H. J. Res. 679), Work Relief and Public Works Appropriation Act of 1938. 75th Congress, 3d Session. 1938, p. 317.

The Broader Issues

Unmet needs have been used to justify claims for larger federal participation not only in various relief and public welfare programs, but in other areas as well. Of this George C. S. Benson, one-time member of the Michigan State Planning Commission, (in 1940) wrote that one of the reasons states had lagged behind the federal government during the preceding decade was that they had not been "sufficiently alert to new governmental needs. Almost none of the new functions of the federal government under the New Deal," he wrote, "are functions which have been taken from the states. Rather they are functions which the states had neglected. Whether or not he believes in government adoption of new functions, the states-righter who ignores new social problems requiring governmental action is thereby weakening the position of the states in the Union. . . . By and large, the Washington attitude is that the federal government will do only what the states cannot and will not do."¹

Since, as frequently argued, it is unmet need that justifies federal action in a given field, it is not surprising that the nation's grossly inadequate program of general relief as well as the exigent needs born of faltering and shifting federal policies regarding the employment of needy unemployed persons² have resulted in widespread demands that the federal government accept larger responsibilities in these areas.³

The next several years, undoubtedly, will see vast changes in the relationships of various levels of government to each other. Nevertheless, pending a more equitable realignment of responsibility for the whole gamut of governmental services, it does not appear to students of relief problems to be unfair to ask for social security and welfare programs a degree of federal support denied to other admittedly indispensable public services. The fact that federal responsibility may later be extended to other governmental functions does not appear to justify relaxing of responsibilities in the relief field in which important roles have already been assumed by the federal government. Acceptance of relatively larger responsibilities with respect to relief as opposed to other public functions is attributable, in part at least, to the coincidence that dramatic and widespread relief needs arose at

¹ "States' Rights and Home Rule," in *State Government*, vol. 13, no. 7, July, 1940, pp. 131-132.

² See chap. 25.

³ See chap. 3.

The WPA and Federal Relief Policy

a time when centralization was progressing at an accelerated rate.

Although it now appears to be settled that federal resources and power may properly be used to meet otherwise unmet need, this has not always been the prevailing view. In 1887, for example, President Cleveland vetoed an appropriation for ten thousand dollars for seed for distribution in drought-stricken counties of Texas. In explanation of his action, he declared, "I can find no warrant for such an appropriation in the Constitution and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit."¹ It was this same President, it will be recalled, who once summed up his concept of government in the phrase "while the people should patriotically and cheerfully support their Government, its functions do not include the support of the people."² Having rendered obsolete concepts that might once have seemed tenable, the cataclysmic upheavals that have occurred since Cleveland's day have brought wide acceptance of the view that an individual's responsibility to his government and that of his government to him do not run only one way, but involve a mutual obligation on the part of each to support the other.

Possibility of Prompt Action by the Federal Government

A further consideration urged in favor of federal responsibility for relief needs is that the federal government is in a peculiarly favorable position to meet emergencies promptly, wherever and whenever they may arise. State action, by contrast, requires not one but 48 separate and independent series of actions and as many legislative campaigns. Action by local authorities entails still further delays while thousands of independent local bodies prepare to take necessary steps.

Similarly, when expenditures for relief and work relief are³ relied upon to "prime the pump" or to augment the national income (and thus to forestall a business recession or to counteract

¹ Corwin, Edward S., *The Twilight of the Supreme Court*. Yale University Press, New Haven, 1934, p. 149. See also *Congressional Record*, February 17, 1887, p. 1875. The question as to when "the relief of individual suffering" is or is not "related to the public service or benefit" is, of course, one of extreme social importance. See chap. 1.

² Bowers, Renzo D., *The Inaugural Addresses of the Presidents*. Thomas Law Book Co., St. Louis, 1929, p. 327.

³ As shown in chap. 32.

The Broader Issues

a depression) it is important that the spending be undertaken quickly when most needed. If state instead of federal action were relied upon, each state, in the hope that spending initiated somewhere else would start its own wheels turning, might defer too long the spending needed not only for its own well-being but by other states also. Conversely, if retrenchment of relief measures were to be relied upon to restrict consumption or to hasten a deflationary tendency, quick centralized action would be needed lest each state hold back while waiting for the other to make the first move.

This very cumbersomeness of state and local—as contrasted with the expedition of federal—action, interestingly enough, has sometimes been cited as a reason why relief, as well as other programs, should not be highly centralized. Power to act quickly, it is held, facilitates doing the wrong—no less than the right—thing on a grand scale. While admitting the possibility of this danger, friends of federal action hold it is not insuperable and contend that there is no little merit in the advice said to have been given by a prominent financier who urged his friends to put all their eggs in one basket—and then watch the basket.

Freedom of the Federal Government from Inflexible Debt Limitations

Still another factor that has led to imposing upon the federal government responsibility for relief needs is its freedom from inflexible constitutional or debt limitations which sometimes hamper local and state governmental action.¹ That handicaps imposed upon other levels of government demanded federal action was an argument frequently advanced during the long battle for federal aid for relief in the early 1930's. In 1932, for example, Donald R. Richberg, whose testimony on another issue has already been quoted, declared to a Senate Committee:

It is just paltering with a serious subject to discuss any relief except the relief by the one agency which has the power to tap the large financial resources in this Nation. . . . I know . . . that the limitations which hedge

¹ For detailed discussion, see "An Analysis of the Legal Limitations on the Borrowing Power of State Governments," by Earle K. Shawe, in FERA Monthly Report, June, 1936, p. 121 ff.

In only 10 states, according to this report, was authority to incur debt for the general welfare vested solely in the legislature. Referendum approval was required in 15 states and constitutional amendment in 23 states.

The WPA and Federal Relief Policy

about the raising of money by local . . . or State governments are such as to make them entirely impotent to meet the needs of the present situation, and that the Federal Government alone has the capacity to tap the resources which are available.¹

Seven years later, in 1939, a House Committee heard a group of mayors and governors² urge continued federal aid because, as they claimed, limitations upon their own borrowing and taxing powers precluded raising sufficient funds to meet current relief needs. Most of these witnesses admitted, in response to probing by committee members, that the financial condition of their respective cities and states had improved immeasurably since the dark days of 1932-1933. Somewhat embarrassed by these admissions they were further discomfited by questions as to whether, if balanced budgets were good for state and city governments, they might not also be good for the federal government.

In replying to questions like these, New York City's Mayor La Guardia, while testifying before a House Committee on the federal government's greater freedom to act, declared:

. . . a city has but limited credit. We are just municipal corporations. We are not sovereign States. We have constitutional borrowing limits. . . . We cannot go beyond those. And every city is right up to the ceiling on that. . . .

. . . the Federal Government has unlimited credit. It has no constitutional tax limitation. It has no constitutional borrowing limitation.³

When Mayor Burton of Cleveland appeared before a Senate Committee in 1938 he described difficulties encountered in Cuyahoga County because of failure, on two occasions, to win statutory majorities in favor of providing welfare funds even though the proposed measure polled approximately 53 per cent of the vote both times.⁴

¹ U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. 1932, p. 341.

² Including Mayor Kelly of Chicago and the governors of Louisiana and Tennessee.

³ U. S. House Committee on Appropriations (Hearings on H. J. Res. 83), Additional Appropriation for Work Relief and Relief, Fiscal Year 1939. 76th Congress, 1st Session. 1939, p. 184.

⁴ In reply to this Chairman Byrnes declared: ". . . the fix we are in is that, there being no prohibition of that kind on the Government of the United States, we have increased our bonded debt. . . . My State has reduced its debt, and my city and county have reduced their debts. That is true throughout the country. . . . And they have been able to do it because the Federal Government . . . has come to their aid and has spent money within the cities, counties, and States that they ordinarily would have had to spend. Their bonds are higher and [to Mayor Burton]

The Broader Issues

Similar pleas for increased federal appropriations for relief, on the ground that city treasuries could not stand the strain, were made to Congress by the United States Conference of Mayors in 1937. In some instances (as in Philadelphia and Detroit) the inability of the city to increase relief expenditures was said to be due to the fact that the city's budget as already established left no leeway for this. In other cities¹ difficulties were blamed upon external restrictions on borrowing and taxing powers.

Among the factors which are frequently held to aggravate the financial plight of cities and states is the contention that state legislatures containing many "up-state" or "down-state" representatives interested in limiting cities and counties in providing funds for unemployment relief, frequently do this because of their failure to grasp the significance of needs existing in urban areas.

Obviously, statutory and even constitutional limitations upon states and their subdivisions are all subject to change, given time and willingness of the parties concerned. Nevertheless, state and county officials in 1939 were still advancing essentially the same arguments they had advanced regarding limitations in 1932-1933, despite admitted improvement in the fiscal condition of states and cities.² That the United States Conference of Mayors was at least beginning to realize that the whole issue needed more fundamental study is evident in a memorandum submitted to Congress in 1939. While declaring that federal provision for the unemployed was "the only way they can be cared for," the document admitted that charter and constitutional limitations can be changed. It added, however, "such changes would at the best take time," and cities, "restricted and hamstrung by con-

your bonds are, too."—U. S. Senate Special Committee to Investigate Unemployment Relief (Hearings Pursuant to S. Res. 36), Unemployment and Relief. 75th Congress, 3d Session. 1938, vol. 1, p. 590.

¹ Notably Camden, Trenton, Louisville, Columbus, Cleveland, Toledo, Chicago, Minneapolis, St. Paul, Des Moines, and Dallas.

² In 1929 the gross debt of the federal government (16.93 billion dollars) was but slightly larger than that (16.76 billion dollars) for states and localities combined. By 1931, however, state and local governmental debt rose to a total of 19 billion dollars (an increase of 14 per cent) while the federal debt was actually reduced to 16.80 billion. This was the turning point, however, for by 1939 the federal debt had risen by some 140 per cent (to a total of 40.44 billion dollars) while state and local debt remained virtually unchanged. Preliminary data for subsequent years indicate that state and local debts have remained almost stationary whereas federal debt, which rose to some 40 billion dollars in 1939, continued to rise spectacularly as the defense program really got under way.

The WPA and Federal Relief Policy

stitutional and charter restrictions . . . can stand no additional financial burdens . . . until such time as a more equitable and balanced Federal-State-City tax program can be effected.”¹

The greater ability of the federal government to raise relief funds through borrowing rather than through imposition of new taxes in a time of economic stagnation has an important bearing upon the effectiveness of relief expenditures as a means of stimulating recovery.

Senators and congressmen frequently attempt to refute claims of those urging the greater financial capacity of the federal government by reminding them that, after all, even federal taxes are paid by those who live in the states, cities, counties, townships, towns, and hamlets of the nation and who are also the payers of local taxes. This is usually admitted, but rebutted with the dual argument that (a) local and state governments frequently raise funds for relief through levies upon real property, commodity sales, or other “regressive” taxes whereas the federal tax structure is more progressive, and that (b) even if states were to adopt progressive tax systems they would still be at a disadvantage because of inability to tax wealth beyond their own borders and because the incidence of need for relief is frequently found in inverse proportion to taxable local and state wealth.²

Though admitting that the federal government is hampered by no debt limitations not subject to change by Congress, there are many who hold that this does not necessarily mean that there are no limits to what it can afford. The mere lack of constitutional or other inflexible limits does not mean, they say, that there are no practical limits beyond which federal spending can go without danger either of national bankruptcy or ruinous inflation. Among warnings on this score which have caused considerable concern is that of the Twentieth Century Fund Committee on Government Credit.³ In 1937, when the debt of the federal government was

¹ Congressional Record, July 24, 1939, p. 9818. A memorandum prepared by the United States Conference of Mayors, “Work Relief and the Immediate Future.” (Order of phrases changed.)

² These issues are discussed in the subsequent chapter.

³ This Committee was composed of: Chairman Oswald W. Knauth, president, The Associated Dry Goods Corporation; James W. Angell, professor of economics, Columbia University; Joanna C. Colcord, director, Charity Organization Department, Russell Sage Foundation; George M. Harrison, president, Brotherhood of Railway and Steamship Clerks; George M. Putnam, president, New Hampshire Farm Bureau Federation, and Donald R. Richberg, formerly chairman, National Recovery Administration.

The Broader Issues

approaching what in retrospect looks like a mere 35 billion dollars, this Committee concluded that although neither "the large increase in public debt" nor its size was a "cause for apprehension" yet:

. . . a continuance of deficit financing, although necessary in the depths of a depression, would be both dangerous and unnecessary if carried into a period of recovery. It would be dangerous because continued deficits, in the face of rising industrial activity and national income, would weaken public confidence in the willingness of the government to balance its budget under any conditions. . . .

Nothing except dire emergency should be allowed to interfere with the actual balancing of the budget (except for statutory debt retirement) in the fiscal year 1938. . . . But if . . . as appears not unlikely, the total of ordinary taxes, social security taxes and other levies falls short of meeting our needs, additional revenues consistent with a sound public policy should be provided at this session of Congress of sufficient size to bring the budget into balance.¹

A similar view, typical of those held by organized taxpayers, was that given by John C. Gebhart, director of the National Economy League, who, in 1936, declared:

Every serious inflation has resulted from repeated government deficits and we will not prove an exception to that rule. We have been financing our deficits, not by drawing on private savings, but by the sale of debt to the banks. In the long run this process spells inflation. If our dollar should eventually shrink to 25 cents or even 10 cents, the wage earners of the country, and those now on relief, would suffer most.²

Even in 1931 President Hoover's Organization on Unemployment Relief warned that issuing new bonds for public works

¹ "Recommendations of the Committee on Government Credit," Chapter 8 in *The National Debt and Government Credit*. Twentieth Century Fund, Inc., New York, 1937, pp. 152-154.

In a vigorous dissenting opinion Miss Colcord declared: ". . . in this country, the pressure of population upon natural resources is not so acute as to make it impossible to produce and distribute sufficient goods to meet the basic subsistence needs of the population, regardless of whether or not the entire working force within the population is employed in such production."—*Ibid.*, p. 157.

² Relief and the Budget. An address delivered over the Columbia Broadcasting System, July 22, 1936, p. 7.

In fairness to critics of federal financing of relief programs it must be said that their objections center not only upon the fact that the expenditures themselves are large but also upon the further belief that they are larger than they need to be. This view is based on the conviction that the introduction of federal funds into the relief picture means a standard of relief higher than would otherwise prevail in many localities. These higher standards, obviously, permit larger numbers to qualify for relief, thus increasing relief costs. For these reasons critics urge the withdrawal of federal funds and the return of the relief function, preferably to localities, with the help of states, if necessary. This issue is discussed in some detail in chap. 31.

The WPA and Federal Relief Policy

"would cause serious declines in the market values of the present outstanding low-yield issues, and thus result in severe losses to the holders of such securities . . . and would result in additional bank failures, and 'impair the market' for corporation and municipal bond issues."¹

President Hoover himself in December, 1930, in his message to Congress, declared that "the volume of construction work in the government is already at the maximum limit warranted by financial prudence as a continuing policy. To increase taxation for purposes of construction work defeats its own purpose, as such taxes directly diminish employment in private industry."²

In reply to contentions like these proponents of national responsibility for relief as well as other types of needs point out that it is not the volume of federal expenditures and debt that is important but the way these are handled.

Among those who have taken this view are Alvin H. Hansen, professor of economics at Harvard University, and Guy Greer who, in response to their own question as to how high the public debt of the United States can go before it results in disaster, reply:

Unfortunately the answer cannot be simple and unequivocal; but certainly a great deal higher than most people seem to think. It all depends: principally on the level of the national income and the knowledge and skill of those who direct fiscal policy. In a system of electrical transmission very high voltages may be used if all the apparatus is correctly designed and the technicians know what they are doing. Potentials up to 110,000 volts are common. But a current of 110 volts might play havoc if used by an ignoramus in a circuit designed for something like the 6 volts of an automobile battery. . . .

. . . an internal debt for the United States comparable to what England has been able to manage without difficulty on at least two occasions would run to well over 200 billion dollars. Indeed, a much higher debt would be quite manageable, provided only that we succeeded in obtaining, year after year, approximately full utilization of our material and human resources. . . .³

Looking ahead into the post-war period, these writers, in the same article already quoted from, declare that "there is no unavoidable danger in public debt so long as it is held to a reasonable

¹ AF of L Weekly News, December 26, 1931.

² As quoted in the New York Times, December 3, 1930.

³ "The Federal Debt and the Future," in Harpers Magazine, vol. 184, April, 1942, p. 496. (Note continued on p. 659.)

The Broader Issues

ratio with the national income" and that "a reasonable ratio would permit a debt far larger than any we are likely to see, notwithstanding the enormous cost of the war and such additional borrowing as may be necessary afterward to make sure of full utilization of our material and human resources."¹ Many of the misconceptions regarding the public debt, says Hansen, are due to failure to understand the real nature of public debt because:

A public debt, internally held, is not like a private debt. It has none of the essential earmarks of a private debt. The public debt is an instrument of public policy. It is a means to control the national income and, in conjunction with the tax structure, to regulate the distribution of income. . . .

For the individual it is important that his expenditures be kept below, or at least within the limits of, his income. For the state an increase of expenditures may frequently increase the total national income and improve the fiscal position of the state. The individual is concerned exclusively with the effect of his action upon his own business. . . .

In the case of public finance, however, it is quite otherwise. The success or failure of public policy cannot be read from the balance sheet of the public household. It cannot be determined by whether or not debt is being retired or assets accumulated. The success or failure of public policy can be determined only by noting the effect of expenditures, taxes, and loans on the total national income and on how that national income is distributed.²

Fortunately, the nation's credit seems somehow to have weathered each successive wave of borrowing and appears fully capable of weathering many more. The American people have also taken unprecedented tax levies in stride. Neither drastic modifications in, nor failure to expand, the country's welfare and security programs necessary to the well-being of millions of Americans appear to be compelled or justified by our present situation.

Elsewhere Professor Hansen has written: ". . . there are limits to the public debt which, if exceeded, will tend to affect the workability of the economy. But these limits must be conceived of, not in terms of a fixed amount or a static situation, but in terms of a dynamic process. Account must be taken of rates of change and the magnitude of the public debt in relation to other magnitudes, especially the ratio of debt to national income. . . .

"Much of the discussion about the limits of the public debt is wholly unrealistic. There are no rigid and fixed limits. The problem is a manageable one, and can best be taken care of by ensuring that taxation is adequate: (1) to prevent inflation and (2) to provide a reasonably equitable and workable distribution of wealth and income. Within the limits set by these criteria, it is possible to determine, according to varying circumstances, what proportion of public expenditures may advantageously be loan-financed and what proportion should be tax-financed."—*Fiscal Policy and Business Cycles*. W. W. Norton and Co., Inc., 1941, pp. 174-175.

¹ P. 500.

² *Fiscal Policy and Business Cycles*, pp. 185, 140-141.

CHAPTER XXVII

FEDERAL RESPONSIBILITY: MORE EQUITABLE SPREADING OF THE COST

TENDENCY OF THE FEDERAL GOVERNMENT TO LEVY TAXES IN ACCORDANCE WITH ABILITY TO PAY

FEDERAL AID for relief, as well as for other public purposes, has repeatedly been urged on the ground that federal taxes, to a greater degree than others, are graduated in accordance with ability to pay. State and local taxes, on the other hand, rest largely upon real estate, commodity sales, and other less equitable bases which do not make proportionately greater demands upon those most able to meet them.¹

Of the essential justice of levying taxes in accordance with ability to pay, Clarence Heer wrote in 1939:

Most people today believe that the cost of governmental functions, undertaken primarily in the general interest and conferring no measurable special benefits on individuals as such, should be distributed among the citizens in accordance with their respective abilities to pay. It is believed proper to apply the ability principle of taxation even in distributing the costs of governmental services that do confer measurable individual benefits when the services in question are considered vital to the general welfare and when the benefited individuals are unable to pay for the services themselves. Thus, it is believed

¹ Though this policy of distributing relief costs in accordance with ability to pay has a modern ring to it, an English act passed by Parliament as early as 1563 made contributions of householders for relief purposes compulsory and provided for scaling these contributions in accordance with their circumstances. Of this law the Webbs have written: "The bishop of each diocese was authorised to bind any person or persons who 'of his or their froward wilful mind, shall obstinately refuse to give weekly to the relief of the poor according to his or their abilities', under penalty of £10, to appear at the next sessions of the Justices, and if any one refused to be so bound, the bishop might commit him to prison. At their next sessions, the Justices were again to 'charitably and gently persuade and move the said obstinate persons to extend his or their charity towards the relief of the poor'. If any one still refused, the Justices were to impose a tax on him 'according to their good discretions', in default of payment of which, 'together with the arrearages thereof, if any', he might be committed to prison until payment was made. Here, at length, we have, in germ, the legally compulsory and universally payable Poor Rate."—Webb, Sidney and Beatrice, *English Local Government: English Poor Law History*. Part I: *The Old Poor Law*. Longmans, Green and Co., New York, 1927, pp. 51-52.

The Broader Issues

just and equitable that relief and welfare costs be financed through ability taxes.¹

Taxes which have been defended as imposing the heaviest burdens upon those most able to bear them are personal and corporation income taxes, inheritance, estate, and gift taxes. Levies most bitterly condemned as placing an unfair burden on persons least able to bear them include the general property tax² and the general sales tax.³

In view of appraisals of the equity of various types of taxes it is significant that whereas only 2.1 per cent of state and local taxes in the fiscal year 1936 came from personal income taxes, and 1.5 per cent from inheritance, estate, and gift taxes, 27 per cent of federal tax income came from these sources. Furthermore, although business taxes of one kind or another accounted for only 8 per cent of all state and local taxes they represented 25.1 per cent of all federal tax collections.

At the other extreme, nearly two-thirds (63.0 per cent) of state and local taxes were derived from property taxes, whereas no federal taxes were raised in this way. While taxes on commodities (apart from gasoline) constituted 43.4 per cent of federal tax income and only 10 per cent of state and local tax collections, over half of this state and local income was from general

¹ Federal Aid and the Tax Problem. Staff Study no. 4, prepared for the Advisory Committee on Education. Government Printing Office, Washington, 1939, p. 54. Mr. Heer, professor of economics at the University of North Carolina, was one of three experts retained by Secretary Morgenthau in 1941 to examine the entire field of federal, state, and local fiscal relations.

² In condemnation of the general property tax Carl Shoup of Columbia University, Roy Blough, University of Cincinnati, and Mabel Newcomer of Vassar (who collaborated in a study for the Twentieth Century Fund) reported in 1937: "In common with practically every other observer, past or present, we deplore the obvious injustices found under the property tax."—Facing the Tax Problem. Twentieth Century Fund, New York, p. 411.

For further criticisms of the general property tax see Federal Aid and the Tax Problem, by Clarence Heer, pp. 71-72. According to a 1928 estimate by Herbert D. Simpson, "property taxes absorbed $8\frac{1}{2}$ per cent of the entire net income of classes with incomes of less than \$2,000. . . . On the largest incomes it [the property tax] amounted to a tax of only $1\frac{3}{4}$ per cent of the net income."—"Taxation and Its Implications for Social Work," in Proceedings of the National Conference of Social Work. University of Chicago Press, Chicago, 1934, p. 58. (At the time Mr. Simpson was professor of public finance at Northwestern University.)

³ This undue incidence of the general sales tax upon those in various income groups is evident from an analysis made in 1934 by Mabel L. Walker. This suggests that a general sales tax (on food as well as other items of expenditure) would mean, at a 2 per cent rate, a tax of \$12.18 per \$1,000 for the income class of \$1,000 and under but would mean a tax of only about 20 cents per \$1,000 of income for those whose incomes were one million dollars or more.—Where the Sales Tax Falls. General Welfare Tax League, New York, March, 1934, pp. 3, 4, 9.

The WPA and Federal Relief Policy

TABLE 31.—TAXES AS PERCENTAGE OF CONSUMER INCOME IN THE UNITED STATES, 1938-1939, BY INCOME CLASS ^a

Income class	Per cent of consumer income		
	Federal taxes	State and local taxes	Total
Under \$500	7.9	14.0	21.9
\$500 to 999	6.6	11.4	18.0
1,000 to 1,499	6.4	10.9	17.3
1,500 to 1,999	6.6	11.2	17.8
2,000 to 2,999	6.4	11.1	17.5
3,000 to 4,999	7.0	10.6	17.6
5,000 to 9,999	8.4	9.5	17.9
10,000 to 14,999	14.9	10.6	25.5
15,000 to 19,999	19.8	11.9	31.7
20,000 and over	27.2	10.6	37.8
Total	9.2	11.0	20.2

^a Source of data: Temporary National Economic Committee, *Who Pays the Taxes?* Monograph 3, 1941, p. 6.

sales taxes which the federal government did not rely upon at all.¹

It has recently been shown by a report published by the Temporary National Economic Committee established by Congress that the actual net result of federal tax levies (at least for the year 1938-1939) was that they absorbed materially higher proportions of the incomes of those in the high income groups than of those in the lower brackets. State and local taxes, on the other hand, showed no similar tendency. Such a showing, of course, came as no surprise to students of tax problems.

Significant data from the study just referred to are reproduced in Table 31.² As may be noted, federal taxes in 1938-1939 were

¹ Though commodity taxes loomed relatively large among sources of federal tax revenue it is significant that they were in great measure derived from liquor and tobacco from which, in 1936, came 25.7 per cent of federal tax income but only 3.5 per cent of the state and local income. Other selected commodities taxed by the federal government included lubricating oils, motor vehicles and accessories, theater admissions, club dues, playing cards, matches, toilet preparations, jewelry, radio sets, mechanical refrigerators, sporting goods, firearms and ammunition, which, unlike articles taxed by general sales taxes, were thought to constitute comparatively larger proportions of the budgets of higher than of lower income groups.—Heer, Clarence, *Federal Aid and the Tax Problem*, p. 36; see also his Table 7, p. 34.

² Temporary National Economic Committee, *Who Pays the Taxes*. Monograph 3, Government Printing Office, Washington, 1941, p. 6. The report from which these data are taken (and which was prepared in the Industrial Economics Division of the Department of Commerce) carries its own warning with respect to its "exploratory" nature and urges that the results be regarded as "tentative."

The Broader Issues

estimated to have taken about 9.2 per cent of all incomes. However, it was not until the \$10,000 to \$15,000 income class was reached that the proportion absorbed by federal taxes was more than the average for incomes of all classes. State and local taxes, on the contrary, absorbed some 11 per cent of the incomes in all classes, but took more than this proportion out of incomes of less than \$500 and took a smaller proportion than this out of most classes of income in the higher brackets.

Whereas the proportion of incomes of \$20,000 and over absorbed by federal taxes was nearly three times the proportion for all income classes, the proportion of incomes of \$20,000 or more going for state and local taxes was actually smaller than the proportion of all incomes going for such taxes. In fact, the proportion of incomes of less than \$500 given up for state and local taxes was approximately 32 per cent higher than the proportion paid from incomes of \$20,000 and over.

Among prominent national leaders who have advocated larger federal responsibility for relief because such a step would be likely to impose the financial burden upon those most able to bear it the following may be noted: Gifford Pinchot,¹ one-time governor of Pennsylvania, Frank Murphy, Associate Justice of the Supreme Court (formerly Attorney General of the United States who, during the depression, was mayor of Detroit and later governor of Michigan), Senator Costigan of Colorado, and one-time Senator L. B. Schwellenbach of Washington.²

¹ Governor Pinchot, in testimony before a Senate Committee in 1932, urged that even if it were possible to meet existing needs through state and local taxes, these should not be relied on since they took money primarily from "the little fellows," thus cutting down consumption, whereas through federal taxes "the people who ought to meet this problem can be made to meet it."—U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. Government Printing Office, Washington, 1932, pp. 217, 219.

² In an address before the American Public Welfare Association, Senator Schwellenbach in 1938 said that if a larger share of the burden of unemployment relief were shifted back upon states and localities "a back-breaking burden would be saddled upon the small home owners and real estate owners of America. This is a situation which the Federal government must not permit to develop."—As quoted in the Public Welfare News, vol. 6, no. 7, July, 1938.

This same desire to avoid loading upon property owners further relief costs was one of the considerations which, in 1933, led to nationalizing responsibility for unemployment assistance in Great Britain. Of this John D. Millett writes: "Labour opposition to the Poor Law was reinforced by the concern of property owners over local rates. If the great numbers of the unemployed were to be added to those other destitute aided by the public assistance authorities, the necessitated increase in rates would have a severely deflationary effect on property values. The more varied financial resources of the central government together with the conviction that as a social

The WPA and Federal Relief Policy

More recently, Neil H. Jacoby, professor in the School of Business at the University of Chicago, and one-time chairman of the Illinois Emergency Relief Commission, declared before a special committee of the House:

As between the Federal and State Governments it seems clear that most of the States are in no position to finance their present relief loads through equitable personal taxes. Many have been forced, through constitutional or practical limitations, to adopt sales taxes which lay a heavy burden on the poor. . . . The Federal government must take the lead in providing better coordination of the national fiscal structure, and with its greater taxing powers and credit resources provide adequate funds from equitable revenue sources for the efficient performance of governmental functions.¹

Emphasizing this same point of view Alvin H. Hansen has written:

. . . the expanding functions of government, particularly in the field of social welfare, place upon the states financial burdens beyond their capacity without resort to heavy consumption taxes. This form of taxation runs precisely counter to the main objective of fiscal policy—that of securing reasonably full employment. Thus, in recent years, many states have been compelled to levy sales taxes in order to provide old-age assistance and other expanding social services. . . .

This situation will sooner or later necessitate a thorough reorganization and reallocation of functions and taxing powers. . . . The federal government has been able to step into the breach through the assumption of a major part of the burden of urban and agricultural relief and grants-in-aid to local public works projects. The public debt of states and municipalities has accordingly, for the country as a whole, ceased to rise. The credit position of the local governments has thereby been strengthened materially. But while we are not confronted with an immediate crisis, the cumulative effect of

and economic problem unemployment could be combated only on a national scale were arguments for lodging all, or almost all, of the unemployment cost onto the national Exchequer."—*The British Unemployment Assistance Board*. McGraw-Hill Book Co., Inc., New York, 1940, p. 22.

¹ U. S. House Select Committee to Investigate the Interstate Migration of Destitute Citizens (Hearings Pursuant to H. Res. 63 and H. Res. 491), *Interstate Migration*. 76th Congress, 3d Session. 1940, Part III, p. 835.

During the period when the federal government was making loans to cities and states for unemployment relief and when the desirability of making federal grants was under discussion, Simeon E. Leland, professor of government finance at the University of Chicago, told a Senate Committee: "Federal aid should not be granted on condition of repayment by extraction of taxes from people who have little or no ability to pay, which are those now reached by State and local government, but the tax should be placed on the entire nation where the ability to adjust the tax system, the capacity to pay, practically alone exists, and the job should be placed upon the Federal Government rather than upon State and local governments."—U. S. Senate Committee on Manufactures (Hearings on S. 5125), *Federal Aid for Unemployment Relief*. 72d Congress, 2d Session. 1933, Part I, p. 244.

The Broader Issues

growing social services, financed largely by consumption taxes, is to place an increasing drag upon economic expansion and full employment of our resources.¹

Just as those who favor the principle of levying taxes in accordance with ability to pay have urged federal participation in the financing of relief programs, so is it to be expected that persons who oppose this basis of taxation should oppose federal cooperation in this field. That this was, in fact, the case during the Hoover administration is apparent from an observation which, according to an official WPA release, was made by Senator Walsh of Massachusetts in March, 1931. "Not a single bill for adequate relief," he declared, "will pass this Congress, and the country might as well know it, because of the determination of the Administration that those who pay large income taxes must not be burdened with relief obligations."² At about the same time, Charles Warren, Assistant Attorney General of the United States during the Wilson regime, wrote:

There is . . . one great and fundamental objection to . . . statutes providing National Government funds for local relief—that they are part of an increasing movement in this country to redistribute private wealth by Legislative action. The bald fact must be recognized that the real motive underlying them is the desire to shift tax burdens from one class in the community to another. This type of legislation is an attempt by the representatives of the rural States to load the burden of paying for local or class needs in these States and communities, upon the property owners of the urban States—an attempt to make the income tax payers and the inheritance tax payers of other States assume the burden of paying for benefits conferred upon the land tax payers in the favored States.³

More recently, a report has been published by the Chamber of Commerce of the United States "in effectuation of Chamber policy declarations." In view of all that has been said about the more equitable nature of federal as opposed to state and local taxes, this report is of more than passing interest. Urging "substantial

¹ Fiscal Policy and Business Cycles. W. W. Norton and Co., Inc., 1941, pp. 445-446.

² WPA Release 4-1346, October 18, 1936.

³ Congress as Santa Claus. Michie Co., Charlottesville (Va.), 1932, p. 136. In retrospect, it is interesting to note that one of the arguments advanced during the 1830's against the establishment of public schools which are now one of the great bulwarks of our democratic society was that they would prove a means for redistribution of wealth. "The scheme of universal equality in education," declared the National Gazette in 1830, ". . . would be a compulsory application of the means of the richer, for the direct use of the poorer classes; and so far an arbitrary division of property among them."—August 19, 1830.

The WPA and Federal Relief Policy

withdrawal of the federal government from the relief field" the report continues:

. . . the federal government should release to the states part or all of certain revenue sources which it has preempted, including such taxes as the estate tax which properly belongs to the states. It is to be noted that the Chamber's Committee on Federal Finance has urged substantial modification of federal levies on estates and on incomes as well as repeal of certain federal excises with a view to increasing the tax field open to state governments.¹

Going even farther, this report urges that "the federal government's function should be limited to financial assistance in those situations where state and local resources, *not necessarily measured by a given tax system*, are clearly inadequate."² Thus, the Chamber urges not only that the federal government relinquish certain revenue sources (such as estate and excise taxes) in favor of states which would be given larger relief responsibilities, but also that such federal funds as are granted to states be not scaled in accordance with a state's fiscal capacity as measured by estate or income taxes (which the federal government might relinquish) or by any other specified type of tax.

Recommendations of this type were furthered, doubtless, by realization that President Roosevelt and other administration leaders have advocated that state and local no less than federal taxes should be scaled in accordance with ability to pay. In an address at the White House Conference on Children in a Democracy, for example, the President urged that instead of focusing attention on the need for federal grants for general relief, attention should rather be directed to (a) the importance of increasing income among low income groups and (b) the need for levying state and local taxes "in accordance with ability to pay."³

In view of the more varied tax resources available to states than to local governmental units it is noteworthy that by far the greatest proportion of the cost of the WPA program not provided by the federal government is borne by local funds. The tendency of the WPA to deal directly with local governmental units effec-

¹ Chamber of Commerce of the United States, *Public Relief: Its Fiscal Importance for State and Local Governments*. Washington, 1939, p. 14.

² *Ibid.*, p. 7. (Italics not in the original.)

³ Address of the President broadcast from the White House in connection with the White House Conference on Children in a Democracy. Washington, January 19, 1940, pp. 4-5.

The Broader Issues

tively short-circuits the states and has relieved them of responsibility for contributing to the cost of the WPA program.¹ This is all the more noteworthy in view of the importance attached to state responsibility under the Social Security Act which requires that the state must not only assure effective administration of state programs but must also contribute to their cost. Similarly, in the vast unoccupied field of general relief, the federal government has done nothing to assure the assumption of responsibility by either the national or state governments which are best able to meet the costs equitably. Thus, the very nature of the WPA program and that of federal relief policy in general have imposed a serious burden on local governments that are very largely dependent upon taxes which, tax experts agree, are regressive and inequitable.

BROADER TAX BASE OF THE FEDERAL GOVERNMENT

Though much can undoubtedly be done to revise state and local taxes in accordance with ability to pay, such revision would require considerable time—especially where constitutional changes are involved—and would not solve two serious problems: the inability of state and local governments, because of their restricted jurisdictions, to prevent tax avoidance; and the uneven distribution of wealth throughout the United States, particularly in relation to relief needs.

With respect to the first of these problems Clarence Heer, in a summary of what he termed “insuperable obstacles” to be overcome by state and local governments attempting to establish more equitable tax systems, has written:

. . . radical reform of the State and local tax structure is blocked by the wide differences that exist in the respective economic situations of the various States. These economic differences make it impossible for the individual States to harmonize their systems of taxation in the interest of Nation-wide uniformity. The lack of Nation-wide uniformity . . . coupled with the mobility of certain tax sources, produces a competitive situation among the States which inhibits their individual efforts in the direction of reform. Local jurisdictions cannot afford to give up the property tax as their chief source of revenue, since real estate is practically the only source that is immobile enough to withstand the inevitable interlocal differentials in rates of levy.²

¹ The extent to which state agencies have contributed to the cost of WPA projects is discussed in chap. 5.

² Federal Aid and the Tax Problem, pp. 72-73.

The WPA and Federal Relief Policy

In similar vein Joseph P. Harris, professor of political science at the University of Washington, and one-time assistant director of the Committee on Economic Security, once declared :

The financial limitations of State and local units of government, and the consequent need of Federal aid in order to finance adequately old-age assistance, aid to children, and other welfare activities related to economic security are clearly indicated. Because of the very great practical limitations, upon State taxation, as well as State constitutional limitations, even the wealthier States are having great difficulties in raising needed revenues. The superior position of the Federal Government as a tax gatherer is at once apparent. It is not hampered by State boundary lines, or competition between States; it has an extremely broad taxing power under the Constitution. It is the only unit of government which can effectively tax according to ability to pay, with jurisdiction reaching to the entire country.¹

In retrospect, it is significant to recall that the ability of the federal government to levy taxes without regard to state lines has been one of the primary considerations urged in favor of national responsibility for relief needs since, from the onset of the 1929 depression, it has been obvious that the need and the resources required to meet it were frequently found in inverse ratio to each other. To meet this situation, Donald R. Richberg, demanding federal aid for relief, declared :

A national taxing program is the only program which can reach the wealth which is available and ought to be put to this service.

I do not understand the philosophy which seems to assume that . . . wealth in New York, for example, is peculiarly the wealth of the State of New York, because, as a matter of fact, the great financial centers and the great commercial centers and great manufacturing centers accumulate their wealth from the entire country and they simply happen to be storehouses in New York and Chicago and Pittsburgh and elsewhere of wealth which has been taken from the entire population and there is no way of sending any part of that back to an emergency service for the whole population except to tax the wealth . . . where it is found.²

The one section of the United States to which considerations like these are particularly applicable is the South where already serious problems arising from the lack of wealth are further

¹ "The Need for Federal Support of Social Security Programs," Part VI of Social Security in America. Social Security Board, Government Printing Office, Washington, 1937, p. 371. See also memorandum prepared by the United States Conference of Mayors, "Work Relief and the Immediate Future," in Congressional Record, July 24, 1939, p. 9818.

² U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. 1932, pp. 342, 341.

The Broader Issues

aggravated by outside control of much of the wealth and resources it does have. Of this, the National Emergency Council in a report to the President in 1938 declared:

Lacking capital of its own the South has been forced to borrow from outside financiers, who have reaped a rich harvest in the form of interest and dividends. At the same time it has had to hand over the control of much of its business and industry to investors from wealthier sections.

The efforts of Southern communities to increase their revenues and to spread the tax burden more fairly, have been impeded by the vigorous opposition of interests outside the region which control much of the South's wealth. Moreover, tax revision efforts have been hampered in some sections by the fear that their industries would move to neighboring communities which would tax them more lightly—or even grant them tax exemption for long periods.

So much of the profit from Southern industries goes to outside financiers, in the form of dividends and interest, that State income taxes would produce a meager yield in comparison with similar levies elsewhere.¹

When Mayor Richard W. Reading of Detroit appeared before a Senate Committee in 1938 he declared that, although various proponents urged that it would be better to hand the unemployment relief problem back to the states and localities, this would not be practicable for his city because, as he said, "we have in Detroit many wealthy men whom the Government can reach by taxation and get revenue, where we cannot do that by local taxation."²

Similar testimony was given before a conference of the American Public Welfare Association when a spokesman, after describing the relatively satisfactory welfare program worked out in a given state, added:

This same state, however, finds itself faced with the problem of financing, since most of its industries are controlled by financial interests in New York City, with the result that employment and the source of public revenues remain in the hands of out-of-state persons. There has developed, consequently, a feeling that the federal government must step in to return to the state some of the money which is lost in the form of industrial profits.³

Raising funds on a national basis has been held to be indispensable not only to assure an equitable distribution of the costs

¹ Report on Economic Conditions of the South. Washington, pp. 49, 23. (Order of paragraphs changed.)

² U. S. Senate Special Committee to Investigate Unemployment and Relief (Hearings Pursuant to S. Res. 36), Unemployment and Relief. 75th Congress, 3d Session. 1938, vol. 1, p. 604.

³ General Relief: Summary of a Conference Discussion. Chicago, 1939, p. 5.

The WPA and Federal Relief Policy

of needed services but also to provide the necessary funds "with a minimum of expense and inconvenience to the taxpayer"; to reduce to a minimum "tax avoidance or evasion"; to keep down costs incident to assessing, collecting, and otherwise administering tax provisions; and finally, to avoid "economic repercussions of such kind as to nullify the intended effects of public spending."¹

In the prevention of such repercussions the federal government, because of its control over the Federal Reserve banking system, over credits, banks, interstate business and commerce, is in a much better situation than are state or local governments. Furthermore, the federal government can act effectively by spending for relief or other public purposes and can gear tax policies with controls over consumer spending for materials or products needed by the government in time of war or other national emergency.

In an attack upon those who oppose the principle of national responsibility in the hope of escaping the ubiquitous federal tax gatherer, Nels Anderson of the national WPA staff in 1938 declared:

The best minds of industry and business know very well how far-reaching are the operations and the organization of the economic system, which is the reason many industrial leaders favor local relief. It would serve them better to have unemployment relief operate on a local basis, while the wealth-taking operation of industry functions on a national basis. What better method could be found for dodging the burden of caring for the unemployed of private industry?²

Speaking specifically of the importance of national responsibility for unemployment and other relief needs in Canada, the Royal Commission on Dominion-Provincial Relations declared that the burden of relief expenditures from 1930 to 1937 "was very unevenly distributed," and that:

Unemployment was concentrated in metropolitan communities and one-industry towns, while agricultural relief was concentrated in the three Prairie Provinces, especially Saskatchewan. In 1935, for example, 53 per cent of the number on relief were concentrated in urban and metropolitan communities comprising some 32 per cent of the population, and the total direct relief costs in these communities were 75 per cent of the total for all Canada. In the same year 20.8 per cent of the total relief expenditures were incurred

¹ For a discussion of these and other desirable objectives of tax systems see Heer, Clarence, *Federal Aid and the Tax Problem*, pp. 45, 50.

² WPA Release 4-1757, September 8, 1938.

The Broader Issues

in the metropolitan area of Montreal which had only 9.6 per cent of the total population of Canada; 19.18 per cent were spent in the metropolitan area of Toronto which had 7.6 per cent of the total population; and 15.5 per cent in eight other Ontario urban areas with 7 per cent of the total population. The burden also often fell very unequally on different municipalities in the same region, and even within the same metropolitan community. Exclusive residential suburban municipalities escaped with virtually no additional relief burdens. Working-class municipalities, on the other hand, in many cases became completely bankrupt because of the huge load which suddenly fell upon them at the same time that real property values were shrinking and taxes on real estate were becoming increasingly difficult to collect.

On the basis of facts like these, the Commission finally arrived at conclusions which, because of their applicability to conditions in the United States as well as in Canada, are presented here at some length. These were as follows:

Under the conditions of local responsibility the appearance of a serious problem of unemployment or destitution in any province means that large additional expenditures have to be met out of sharply falling revenues. The taxation powers of the provinces and municipalities are limited by the constitution, and in many cases they are unable to use effectively such powers as they have because of the tendency of the national surpluses or large net incomes to concentrate in certain areas. These governments are virtually forced to make all manner of imposts on consumption, on costs of production and on small incomes; imposts which are detrimental to business, discourage investment and render even worse the situation which they are trying to meet. If they fall back on continuous borrowing, their credit is soon destroyed. And they lack sufficient power over economic activities to enable them successfully to alleviate the burden or to promote recovery.

The Dominion is the only government which can meet, in an equitable and efficient manner, the large fluctuating expenditures due to unemployment. Its unlimited powers of taxation give it access to all the incomes which are produced on a national basis regardless of where they may happen to appear, and it can obtain the needed revenues therefrom in a manner which is the least harmful to welfare and productive enterprises. With its control over the monetary system the Dominion is able to finance the temporary deficits that may arise from sudden increases in expenditure without suffering such a drastic weakening of credit as occurs when the budgets of local governments get seriously out of balance.¹

¹ Book II, Recommendations. [J. O. Patenaude], Ottawa, n.d., pp. 18, 22-23.

These recommendations were wholly consonant with proposals which had previously been incorporated in a research report presented to the Commission itself. This report had declared: "The highly variable liability of unemployment aid, which may be practically non-existent one year and a major burden another, makes it a logical responsibility for the government with the widest and most resilient system of taxation. The municipalities, if they are to preserve their financial integrity, should have non-variable liabilities as far as possible because of their rigid tax-basis.

"The size of the financial costs of unemployment aid requires a new approach to

The WPA and Federal Relief Policy

What is said here of the Dominion of Canada, the provinces, and municipalities, might also be said of the United States, the states, and lesser political subdivisions.

UNEVEN DISTRIBUTION OF RESOURCES AND NEED

Differences in the Extent of Unemployment

One of the most useful indexes of state needs and resources, if it were available, would be reliable comparative data indicating what proportion of the labor force in any given state was employed and what proportion unemployed. Though reliable data of this type are extremely scarce, such as are available reveal wide variations in the incidence of unemployment in the several sections of the United States.

The Enumerative Check Census of 1937, for example, revealed that throughout the country as a whole approximately 20 per cent of the total labor force was either totally unemployed, or was employed by the WPA, NYA, or CCC. Although state data (as already noted) were not regarded as sufficiently reliable as a basis for interstate comparisons, data compiled on a regional basis are thought to be usable in this way despite the fact that errors in sampling may make even regional differences somewhat greater or smaller than are here indicated.

In the Middle Atlantic states, totally unemployed and emergency workers (as shown in Table 27) represented 23.7 per cent of the labor force. This rate exceeded the national average by about 18.5 per cent and exceeded the lowest rate (that in the West North Central states) by approximately 44 per cent.

Preliminary reports of the 1940 census revealed that 15.2 per cent of the nation's total labor force was unemployed¹ during the week March 24-30, 1940. The range, however, was from only 8.8 per cent in North Carolina to 21.5 per cent in New Mexico.

public finance if solvency is to be maintained, namely, the balancing of budgets over the period of the business cycle. . . . It seems reasonable to expect that if one government has the responsibility for unemployment, it will stand a better chance of realizing the necessity of providing for the bad years in the good and of formulating its policy accordingly, than will nine provincial governments and a host of municipal governments."—Grauer, A. E. *Public Assistance and Social Insurance: A Study Prepared for the Royal Commission on Dominion-Provincial Relations*. J. O. Pate-naude, Ottawa, 1939, Appendix 6, pp. 30-31.

¹ That is, was seeking work or was engaged in emergency employment exclusive of those receiving NYA student aid.

The Broader Issues

TABLE 32.—DISTRIBUTION OF STATES BY PERCENTAGE OF LABOR
FORCE UNEMPLOYED OR EMPLOYED ON EMERGENCY WORK,
MARCH, 1940 ^a

Per cent unemployed or on emergency work	State			Number of states
Under 10.0	Dist. of Columbia Georgia Maryland	Mississippi North Carolina South Carolina	Virginia	7
10.0 to 12.4	Alabama Connecticut	Delaware Iowa	Tennessee Vermont	6
12.5 to 14.9	Arkansas California Florida Illinois Indiana Kansas Kentucky	Louisiana Michigan Missouri Nebraska Nevada New Hampshire North Dakota	Ohio Oregon South Dakota Texas Washington Wisconsin Wyoming	21
15.0 to 17.4	Arizona Colorado Idaho	Maine Massachusetts Minnesota	Montana New Jersey New York	9
17.5 to 19.9	Oklahoma Pennsylvania	Rhode Island Utah	West Virginia	5
20.00 and over	New Mexico	..	..	1
Total				49

^a Source of data: U.S. Bureau of the Census, State Figures on Employment Status of Persons 14 Years of Age and Over (Preliminary): March 24-30, 1940, Series P-4, no. 2, p. 4.

In seven ¹ states the total number unemployed (in proportion to the total labor force) was from 30 to 38 per cent below the average for the United States as a whole. At the opposite extreme were six states ² in which the proportion of the total labor force reported as unemployed was from approximately 25 to 50 per cent higher than the United States average, the proportion in New Mexico exceeding the national average by approximately 53 per cent. The distribution of states in accordance with the percentage of the labor force unemployed at the time of the 1940 census is shown in Table 32.

¹ The District of Columbia, Georgia, Maryland, Mississippi, North and South Carolina, and Virginia.

² New Mexico, Oklahoma, Pennsylvania, Rhode Island, Utah, and West Virginia.

The WPA and Federal Relief Policy

Differences in Numbers in Need of Relief

Although unemployment causes a vast amount of need among the families of those who have no jobs, still not all those who are unemployed are in need. It has often been held, therefore, that the number of persons or families actually receiving relief in the several states provides a better basis than data on unemployment for analysis of state differences. Unfortunately, however, the number of families or persons given one kind of relief or another in the various states, though frequently used, is no really reliable gauge by which to measure state needs since state and local policies (many of which are directly attributable to the lack of resources within a state) often result in denying relief and even WPA employment to families even though they may be in desperate need. It is this fact which explains the apparent anomaly that it is often the relatively wealthy rather than the poor states in which the proportion of the population in receipt of relief runs highest.

In the absence of better and more comprehensive data on relief needs official estimates have been made from time to time of the number of workers eligible for but not given WPA employment.¹ Thus, by combining these estimates with the numbers employed by the WPA at the time to which the estimates apply one can arrive at a rough approximation of differences in conditions thought to prevail in the several states.

According to estimates as of February, 1940, the total number of workers employed by or eligible for employment by the WPA throughout the United States represented about 263 per 10,000 population. This proportion varied widely from state to state, ranging from less than 150 in two states to 350 or more in five. Table 33 shows the distribution of states by the estimated number of eligible workers per 10,000 population in February, 1940.

Differences in Per Capita Income Payments

If differences among the respective states are measured by variations in average per capita income payments, it is found that

¹ According to WPA officials themselves, these estimates are (as explained in some detail in chap. 25) none too reliable and comparisons between states are of limited value because of great differences in the statistical material with which to

The Broader Issues

whereas the average for the United States as a whole in 1939 was approximately \$536, there were three states ¹ in which the average was less than half this amount. In six states ² the average was but 50 to 60 per cent of the national average.

At the opposite extreme were three states ³ in which the per capita income was at least half again as much as the United States average. In another five states ⁴ the average was from 19 to 50 per cent above that for the nation as a whole. Per capita income in Delaware was four times that in Mississippi.

TABLE 33.—DISTRIBUTION OF STATES BY ESTIMATED NUMBER OF WORKERS ELIGIBLE FOR WPA EMPLOYMENT PER 10,000 POPULATION, FEBRUARY, 1940 ^a

Eligible workers per 10,000 population	Number of states
Under 150	2
150 to 199	5
200 to 249	13
250 to 299	14
300 to 349	10
350 and over	5
Total	49

^a For source of data see Table 29.

Table 34 shows for both 1937 and 1939 the states in which average per capita income payments fell within the limits set forth.⁵

Differences in Distribution of Consumer Income

Wide as they are, variations in average per capita income payments in the several states show nothing about existing disparities in the way income is distributed *within* the states. Estimates made

work. Nevertheless, they represent probably the best available measure of need for WPA employment.

¹ Alabama, Mississippi, and Arkansas.

² Kentucky, Tennessee, North Carolina, South Carolina, Georgia, and New Mexico.

³ New York, Delaware, and Nevada.

⁴ Massachusetts, Rhode Island, Connecticut, Illinois, and California.

⁵ Because of technical difficulties involved in their computation, estimates of per capita income payments in New Jersey and the District of Columbia are not available. For this reason the number of states for which per capita income payments are presented in this chapter totals only 47.

The WPA and Federal Relief Policy

TABLE 34.—DISTRIBUTION OF STATES BY ANNUAL INCOME PER INHABITANT, 1937 AND 1939 ^a

Annual income per inhabitant	1937			1939		
	State		Number of states	State		Number of states
\$200 to 299	Ala. Ark. Ga. Ky.	Miss. N. C. S. C. Tenn.	8	Ala. Ark. Ga. Tenn.	Miss. S. C.	6
300 to 399	La. N. D. Okla.	S. D. Va.	5	Ky. La. N. M. N. C. N. D.	Okla. S. D. Va. W. Va.	9
400 to 499	Fla. Idaho Ind. Iowa Kan. Maine Mo.	Nebr. N. M. Texas Utah Vt. W. Va.	13	Ariz. Fla. Idaho Ind. Iowa Kan.	Maine Mo. Nebr. Texas Utah Vt.	12
500 to 599	Ariz. Colo. Minn. Mont.	N. H. Ore. Pa. Wis.	8	Colo. Md. Minn. Mont.	N. H. Ore. Pa. Wis.	8
600 to 699	Ill. Md. Mass. Mich.	Ohio R. I. Wash. Wyo.	8	Ill. Mich. Ohio	R. I. Wash. Wyo.	6
700 to 799	Conn.		1	Calif. Conn.	Mass	3
800 and over	Calif. Del.	Nev. N. Y.	4	Del. Nev.	N. Y.	3
Total			47			47

^a Sources of data: Monthly Labor Review, January, 1941, pp. 128 ff.; Nathan, Robert R., and Martin, John L., State Income Payments, 1929-37. U. S. Dept. of Commerce, May, 1939, pp. 6, 9. Income data not given for New Jersey and District of Columbia.

on the basis of extensive studies conducted by the Bureau of Home Economics and the Bureau of Labor Statistics suggest that families receiving incomes of less than \$500 a year, in 1935-1936, represented approximately 14 per cent of all families in the United States. In the New England region, however, the propor-

The Broader Issues

tion of families falling in this income group was only half the national average.¹ In the Southern region, on the other hand, no less than 23 per cent of all families were estimated to have incomes of less than \$500. This meant that, in the Southern region, the proportion of families having annual incomes of less than \$500 was more than three times that in the New England region. Pertinent data from these studies are presented in Table 35.

Even within regions the proportion of families having very low or very high incomes varied widely from place to place. Within the New England region, for example, families having annual incomes of less than \$500 represented only about 9 per cent of the families in New Britain, Connecticut, but represented approximately 18 per cent of all families in Haverhill, Massachusetts, a city of approximately the same size as New Britain.

Comparison between two middle-sized cities in the North Central region reveals that although only about 13 out of every 100 families in Muncie, Indiana, had incomes of less than \$500 in 1935-1936, approximately 21 out of every 100 families in Dubuque, Iowa, fell in this group. Among small cities in the North Central region was Beaver Falls, Pennsylvania, where approximately 17 per cent of the families received incomes of less than \$500 while in Mattoon, Illinois, this proportion ran to slightly more than 28 per cent.

In the Southern region, the proportion of families having incomes of less than \$500 a year in 1935-1936 was estimated at some 26 per cent of all the families in Gastonia, North Carolina, but constituted approximately 49 per cent of all those in Albany, Georgia—a city of approximately the same size as Gastonia.

If the proportions of families in high rather than in low income groups in the various cities are compared, wide differences may

¹ These studies were made through a WPA project conducted in co-operation with the National Resources Committee and the Central Statistical Board. The findings of the study and estimates made on the basis of these findings are reported in *Consumer Incomes in the United States: Their Distribution in 1935-36*. National Resources Committee, Government Printing Office, Washington, August, 1938. The term "family," as used in this study, meant "two or more persons living together as one economic unit, having a common or pooled income and living under a common roof." Income was defined as "the total net money income received during the year by all members of the economic family, plus the value of certain items of nonmoney income." Nonmoney income included such items as the net value of the occupancy of an owned home and rent received as pay, the estimated value of direct relief received in kind and the net imputed value of food produced at home by farm and village families for their own use.—*Ibid.*, pp. 40-41.

TABLE 35.—PROPORTIONS OF TOTAL FAMILIES WITH LOW AND WITH HIGH ANNUAL INCOME, 1935-1936, FIVE GEOGRAPHIC REGIONS AND SELECTED CITIES IN EACH REGION ^a

Region and city	Type of city	Per cent of families in income class			
		Under \$500	\$500 to \$999	Total under \$1,000	\$5,000 and over
New England					
Entire region	..	7.1	27.6	34.7	3.5
Providence	Large	14.3	28.9	43.2	1.7
New Britain	Medium	9.3	33.7	43.0	0.6
Haverhill	Medium	18.3	30.7	49.0	0.6
Wallingford	Small	8.1	25.9	34.0	3.2
North Central					
Entire region	..	10.1	24.8	34.9	3.2
New York	Metropolis	12.4	15.2	27.6	3.6
Chicago	Metropolis	13.7	18.4	32.1	1.9
Columbus	Large	13.5	22.6	36.1	2.3
Springfield	Medium	15.2	22.2	37.4	2.1
Muncie	Medium	12.6	25.0	37.6	1.0
New Castle	Medium	18.3	28.1	46.4	0.7
Dubuque	Medium	21.4	28.6	50.0	0.9
Beaver Falls	Small	16.8	27.1	43.9	0.9
Connellsville	Small	24.5	23.7	48.2	1.0
Logansport	Small	19.1	29.4	48.5	0.7
Mattoon	Small	28.4	24.8	53.2	0.7
Peru	Small	18.9	30.9	49.8	0.2
Southern					
Entire region	..	23.0	32.3	55.3	2.0
Atlanta	Large	25.3	23.7	49.0	2.1
Mobile	Medium	38.0	23.3	61.3	1.7
Columbia	Medium	24.4	24.2	48.6	3.4
Gastonia	Small	26.4	32.3	58.7	1.3
Albany	Small	49.1	20.5	69.6	1.1
Mountain and Plains					
Entire region	..	17.5	30.6	48.1	1.8
Denver	Large	14.9	22.3	37.2	2.9
Butte	Medium	15.2	18.9	34.1	1.7
Pueblo	Medium	20.1	28.8	48.9	0.4
Billings	Small	10.3	18.9	29.2	2.9
Pacific					
Entire region	..	9.3	22.6	31.9	2.9
Portland	Large	15.4	21.7	37.1	1.5
Aberdeen-Hoquiam	Medium	15.1	21.0	36.1	1.2
Bellingham	Medium	25.2	23.7	48.9	0.5
Everett	Medium	21.8	24.1	45.9	0.7

^a Sources of data: National Resources Committee, Consumer Incomes in the United States: Their Distribution in 1935-36, Government Printing Office, Washington, 1938; and U. S. Bureau of Labor Statistics, reports of the consumer purchases studies, 1935-36, in the specified cities. The geographic regions are those used in the source material and include more areas than the cities reported here.

The Broader Issues

also be noted. Although only 1.8 per cent of all families in the Mountain and Plains region were estimated to have received incomes of \$5,000 or more, the proportion in the New England region was 3.5 per cent, nearly twice that in the former area. Again, wide variations may be noted within regions and even between cities of nearly the same size. In Pueblo, Colorado, less than one-half of one per cent of all families had incomes of \$5,000 or more. Yet, in Butte, Montana, another middle-sized city in the same region, the proportion was slightly more than four times that in Pueblo! In Columbia, South Carolina, a middle-sized city in the Southern region the percentage of families having incomes of \$5,000 or more was just twice that in Mobile, Alabama, a city of comparable size.

Differences in Estimated Tax-Paying Ability

The great disparities in income distribution among the 48 states make it clear why the friends of federal participation in the financing of relief programs have urged this as a means of equalizing existing differences. It is clear, too, why they have said that even if state tax systems were to be revised so that they would impose relatively heavier burdens upon those most able to pay, this could not, because of the unequal distribution of income among the several states, mean any real improvement in the situation.

Concrete illustrations of just what might be expected to happen even if all the states adopted a uniform and progressive tax system, are provided by estimates that have been made of the amounts such a system might be expected to yield in each state.¹ According to the estimates made, the hypothetical tax system envisioned would, in 1935, have yielded an average of \$21.18 for every man, woman, and child in the United States. In seven states,² however, the yield was estimated at less than \$10 per capita.

In two jurisdictions—Delaware and the District of Columbia

¹ The tax structure here applied to the various states consisted of a personal income tax, real estate tax, business income tax, stock transfer tax, a severance tax, and a corporation organization tax. See Mort, Paul R., and Lawler, Eugene S., and associates, *Principles and Methods of Distributing Federal Aid for Education*. Staff Study no. 5, prepared for the Advisory Committee on Education. Government Printing Office, Washington, 1939, pp. 46-53.

² Kentucky, South Carolina, Georgia, Mississippi, Alabama, Louisiana, and Arkansas.

The WPA and Federal Relief Policy

—this uniform tax system was estimated to be capable of bringing in more than \$45 per capita.

The distribution of states in accordance with their estimated tax yield is shown in Table 36.

TABLE 36.—DISTRIBUTION OF STATES BY ESTIMATED COMBINED YIELD OF SIX SELECTED TAXES PER INHABITANT, 1935 ^a

Estimated yield per inhabitant	State			Number of states
Under \$10.00	Alabama Arkansas Georgia	Kentucky Louisiana Mississippi	South Carolina	7
10 to 14.99	Arizona New Mexico North Carolina	Oklahoma Tennessee Vermont	Virginia	7
15 to 19.99	Colorado Florida Idaho Illinois Indiana Iowa Kansas	Maine Michigan Minnesota Missouri New Hampshire North Dakota South Dakota	Texas Utah Washington West Virginia Wisconsin	19
20 to 24.99	Maryland Montana	Nebraska Ohio	Oregon Pennsylvania	6
25 to 29.99	California Connecticut	Massachusetts Rhode Island	Wyoming	5
30 to 34.99	New Jersey	..	..	1
35 to 44.99	Nevada	New York	..	2
45 and over	Delaware	Dist. of Columbia		2
Total				49

^a The six taxes are: personal income tax, real estate tax, business income tax, stock transfer tax, severance tax, and corporation organization tax. Source of data: Mort, Paul R., Lawler, Eugene S., and associates, *Principles and Methods of Distributing Federal Aid for Education*. Staff Study 5, prepared for Advisory Committee on Education. Government Printing Office, 1939, pp. 46-52.

Differences in Federal WPA Expenditures in Relation to State and Local Tax Collections

The importance of using federal funds to compensate for the wide differences among the several states in need and resources available to meet that need is clearly apparent in comparisons

The Broader Issues

of WPA expenditures with state and local tax collections. For the country as a whole, WPA expenditures in fiscal 1940 represented approximately 17 per cent of all taxes collected by state and local governments. Thus, if the states and localities in 1940 had paid from their own tax receipts all the costs met by the WPA this would have required, on the average, 17 out of every 100 dollars collected. In Maine, New York, and Maryland, however, this would have absorbed fewer than 10 of every 100 dollars. In South Carolina, Alabama, and New Mexico, on the other hand, WPA expenditures represented between 30 and 40 per cent of all state and local tax collections, and in Arkansas amounted to no less than 44.5 per cent. The distribution of states in accordance with the proportion of WPA expenditures, from federal funds, to all state and local taxes is shown in Table 37.

Thus it may be seen that without federal contributions a work-relief program providing earnings comparable with those paid by the WPA in 1940 would have imposed tremendous additional financial burdens upon state and local governments and, in proportion to all taxes collected by such governments, would have meant materially greater burdens for some states than for others.

Relationship of Resources to Needs

Although there are differences in state needs and resources, it does not necessarily follow from this fact alone that the federal government should step in to help level existing unevenness in the incidence of resources and need. Federal participation in this area might, for example, be rendered unnecessary if states having relatively great needs were those possessing relatively great resources also. However, reliance upon the chance that a state's resources will neatly match its needs appears to most authorities to be wholly unwarranted. Rather than to leave matters in the lap of the gods, therefore, it is almost unanimously agreed that it is better to rely upon the federal government to help strike a balance between the need that exists in a given state and the resources available to meet that need.

If, as suggested here, the federal government should assume the role of evening-up interstate differences in the incidence of resources and need, one might well ask what actual experience with a federally operated program like that of the WPA shows with respect to the importance of such a role. Unfortunately, the lack

TABLE 37.—WPA EXPENDITURES FROM FEDERAL FUNDS AS PERCENTAGE OF TOTAL STATE AND LOCAL TAX COLLECTIONS, FISCAL YEAR 1940, BY STATE ^a

Region and state	State and local tax collections (million dollars)	WPA expenditures	
		Amount (million dollars)	Per cent of tax collections
United States	8,494.5	1,448.5	17.0
New England			
Maine	51.2	5.0	9.8
New Hampshire	36.7	4.8	13.1
Vermont	22.1	2.7	12.2
Massachusetts	379.5	68.7	18.1
Rhode Island	55.5	9.0	16.2
Connecticut	143.5	15.2	10.6
Middle Atlantic			
New York	1,468.8	137.2	9.3
New Jersey	405.5	54.8	13.5
Pennsylvania	635.8	112.9	17.8
East North Central			
Ohio	452.0	102.3	22.6
Indiana	196.6	41.5	21.1
Illinois	619.0	119.6	19.3
Michigan	340.2	67.2	19.8
Wisconsin	207.1	37.9	18.3
West North Central			
Minnesota	190.9	34.0	17.8
Iowa	153.7	16.9	11.0
Missouri	190.7	51.2	26.8
North Dakota	31.9	7.6	23.8
South Dakota	40.7	8.3	20.4
Nebraska	68.8	17.5	25.4
Kansas	98.7	16.3	16.5
South Atlantic			
Delaware	17.7	1.8	10.2
Maryland	113.9	8.9	7.8
District of Columbia	b	7.1	b
Virginia	92.8	12.7	13.7
West Virginia	85.4	22.1	25.9
North Carolina	128.4	23.2	18.1
South Carolina	58.0	21.8	37.6
Georgia	95.2	25.6	26.9
Florida	114.7	23.5	20.5
East South Central			
Kentucky	94.9	26.6	28.0
Tennessee	97.2	21.9	22.5
Alabama	83.9	26.1	31.0
Mississippi	69.2	20.0	28.9
West South Central			
Arkansas	49.7	22.1	44.5
Louisiana	116.8	20.2	17.3
Oklahoma	102.9	24.6	23.9
Texas	294.4	50.3	17.1

The Broader Issues

TABLE 37.—*Continued*

Region and state	State and local tax collections (million dollars)	WPA expenditures	
		Amount (million dollars)	Per cent of tax collections
Mountain			
Montana	38.6	9.0	23.3
Idaho	29.6	6.5	22.0
Wyoming	17.1	2.3	13.5
Colorado	76.3	16.0	21.0
New Mexico	24.9	8.2	32.9
Arizona	35.7	5.2	14.6
Utah	34.2	7.6	22.2
Nevada	10.0	1.3	13.0
Pacific			
Washington	111.2	21.3	19.2
Oregon	75.3	10.8	14.3
California	637.6	71.2	11.2

^a Sources of data: Social Security Board, *Fiscal Capacity of the States—A Source Book, Supplement*, January, 1942; WPA, *Report on Progress of the WPA Program*, June, 1940, p. 123.

^b Not available.

of reliable and comparable state data, particularly with respect to the extent of need in the several states, makes it impossible accurately to measure the degree to which the WPA program has helped to equalize differences among the several states. Such data as are available, however, clearly suggest that the WPA has gone far toward such an equalization. That this is the case may be seen from comparisons of the incidence of general relief cases (i.e., the number of cases granted general relief per 10,000 population) and the incidence of WPA employment in states in which average per capita income payments are high as compared with states in which they are low.

Directly contrary to what the uninitiated might think—since it would seem logical that in the “poor” states the proportion of people granted relief would be higher than in the “rich” states—the states in which per capita income payments are high are those in which the incidence of general relief is also high, not because relief is not needed in the “poorer” states but because it is not available. Analysis of data for 1939 clearly reveals that, except in states in which per capita income payments were highest, the larger the average per capita income in any given state, the higher the incidence of general relief was likely to be. This

The WPA and Federal Relief Policy

is evident from Table 38 which presents both the number of cases granted general relief and the number employed by the WPA per 10,000 population in states in which average per capita income payments fell within the stated limits.¹

Unlike the incidence of general relief, the incidence of WPA employment in the several states, as shown in Table 38, does not increase with the amount of the state's average per capita income payment.

It will be seen that the average incidence of WPA employment as shown here was actually somewhat higher in the 15 states in which average income payments were under \$400, than it was

TABLE 38.—RELATION OF INCIDENCE OF GENERAL RELIEF AND OF
WPA EMPLOYMENT TO ANNUAL INCOME PER INHABITANT,
47 STATES, 1939

Annual income per inhabitant	Number of states	General relief cases per 10,000 population		WPA employes per 10,000 population	
		Average of state rates ^a	Range of state rates	Average of state rates ^a	Range of state rates
\$200 to \$299	6	14	5 to 21	180	142 to 219
300 to 399	9	50	17 to 82	174	89 to 220
400 to 499	12	87	22 to 158	163	90 to 223
500 to 599	8	142	53 to 277	172	71 to 247
600 to 699	6	144	74 to 230	205	133 to 272
700 to 799	3	161	129 to 195	163	127 to 225
800 to 899	3	115	63 to 211	139	109 to 168

^a Arithmetic average of rates of states in each income class. For sources of data see Table 34 and Appendix Table 2.

in states in which per capita income payments averaged \$700 or more. By contrast, the average incidence of general relief in the states in which per capita incomes averaged \$700 or more was several times that in states in which per capita incomes averaged less than \$400.

When WPA employment is related not to population but to the proportion of the population which is unemployed it is found to bear a much more direct relationship to average income pay-

¹ Averages for more than one state represent the arithmetic mean of the respective state averages. The number of states for which data are included in this and other tables in this section is only 47 since comparable data on income payments in New Jersey and the District of Columbia are lacking.

The Broader Issues

ments. This is clearly apparent in Table 39 and Diagram 7 which present, for the several states, the relationship between the percentage of all unemployed workers employed by the WPA and the average per capita income payment.

The very fact that, as shown in Diagram 8, the incidence of WPA and of other federal employment in the several states is not, like the incidence of general relief, low in the "poor" and high in the "rich" states itself represents a step in the direction of evening-up interstate differences in resources and need. However, various observers have expressed surprise that variations from the average, even among states in the same income class, have been as wide as they have been and that distribution of WPA jobs

TABLE 39.—RELATION OF WPA EMPLOYMENT AS PERCENTAGE OF TOTAL UNEMPLOYMENT IN MARCH, 1940, TO INCOME PER INHABITANT, 47 STATES

Annual income per inhabitant (1939)	Number of states	Per cent of unemployed employed by WPA	
		Average of state rates ^a	Range of state rates
\$200 to \$299	6	47	36 to 61
300 to 399	9	38	30 to 51
400 to 499	12	36	21 to 47
500 to 599	8	31	20 to 42
600 to 699	6	33	25 to 37
700 to 799	3	27	23 to 33
800 to 899	3	24	16 to 32

^a Arithmetic average of rates of states in each income class. For sources of data see Tables 28 and 34.

has not gone farther than it has appeared to go in equalizing interstate differences. That this latter end has not been achieved is attributable in part, at least, to the fact that the WPA is not completely free to provide in any given state or locality as many of its jobs as might be needed there since projects may be undertaken only as state and local governmental bodies initiate them and agree to bear approximately 25 per cent of their cost. Thus, states which might be too poor to pay at least a quarter of the cost of WPA projects cannot benefit from the readiness of the WPA to use federal funds to equalize differences between their needs and resources as opposed to those of other states.

When expenditures for WPA earnings in the several states are

The WPA and Federal Relief Policy

related to the average income of the states, the results vary from those obtained through analysis of the incidence of WPA employment. This is attributable to the fact that WPA earnings in the various states are affected not only by the volume of employment but also by differences in wage scales which are usually lower in what might be termed "poorer" states than in "richer" states. Thus, even if the incidence of WPA employment in two states was the same, variations in wage rates would result in different total earnings per inhabitant. Nevertheless, although the absolute difference between expenditures for WPA wages per

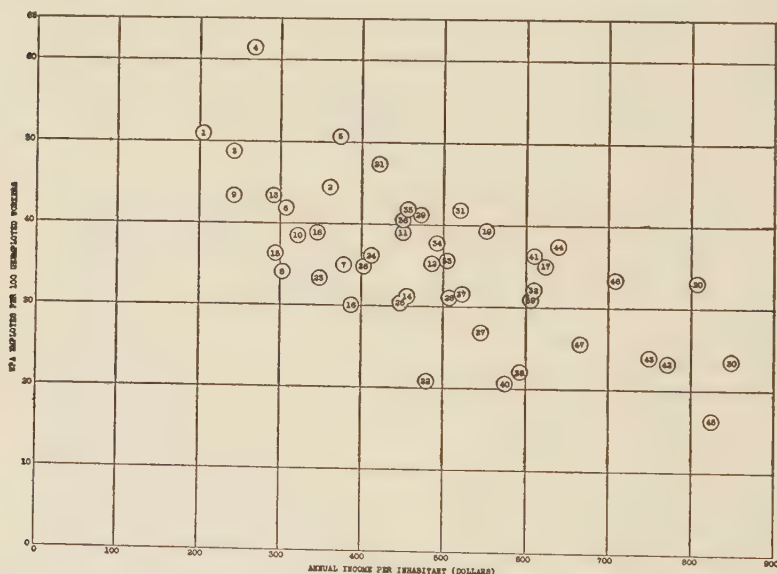


DIAGRAM 7.—DISTRIBUTION OF STATES BY INCOME PER INHABITANT, 1939, AND BY WPA EMPLOYMENT AS PERCENTAGE OF TOTAL UNEMPLOYMENT, MARCH, 1940

Numbers in circles in the diagram refer to states as listed below. New Jersey is omitted because of lack of data. District of Columbia is omitted because of its wholly urban population. In the following list the states are arranged in order of the proportion of population which is urban, that is, in places having 2,500 or more inhabitants.

- | | | | |
|------------------|--------------|---------------|------------------|
| 1 Mississippi | 13 Georgia | 25 Iowa | 37 New Hampshire |
| 2 North Dakota | 14 Arizona | 26 Texas | 38 Maryland |
| 3 Arkansas | 15 Tennessee | 27 Oregon | 39 Michigan |
| 4 South Carolina | 16 Virginia | 28 Minnesota | 40 Pennsylvania |
| 5 South Dakota | 17 Wyoming | 29 Missouri | 41 Ohio |
| 6 North Carolina | 18 Oklahoma | 30 Delaware | 42 Connecticut |
| 7 West Virginia | 19 Montana | 31 Colorado | 43 California |
| 8 Kentucky | 20 Nevada | 32 Washington | 44 Illinois |
| 9 Alabama | 21 Nebraska | 33 Wisconsin | 45 New York |
| 10 New Mexico | 22 Maine | 34 Indiana | 46 Massachusetts |
| 11 Idaho | 23 Louisiana | 35 Florida | 47 Rhode Island |
| 12 Vermont | 24 Kansas | 36 Utah | |

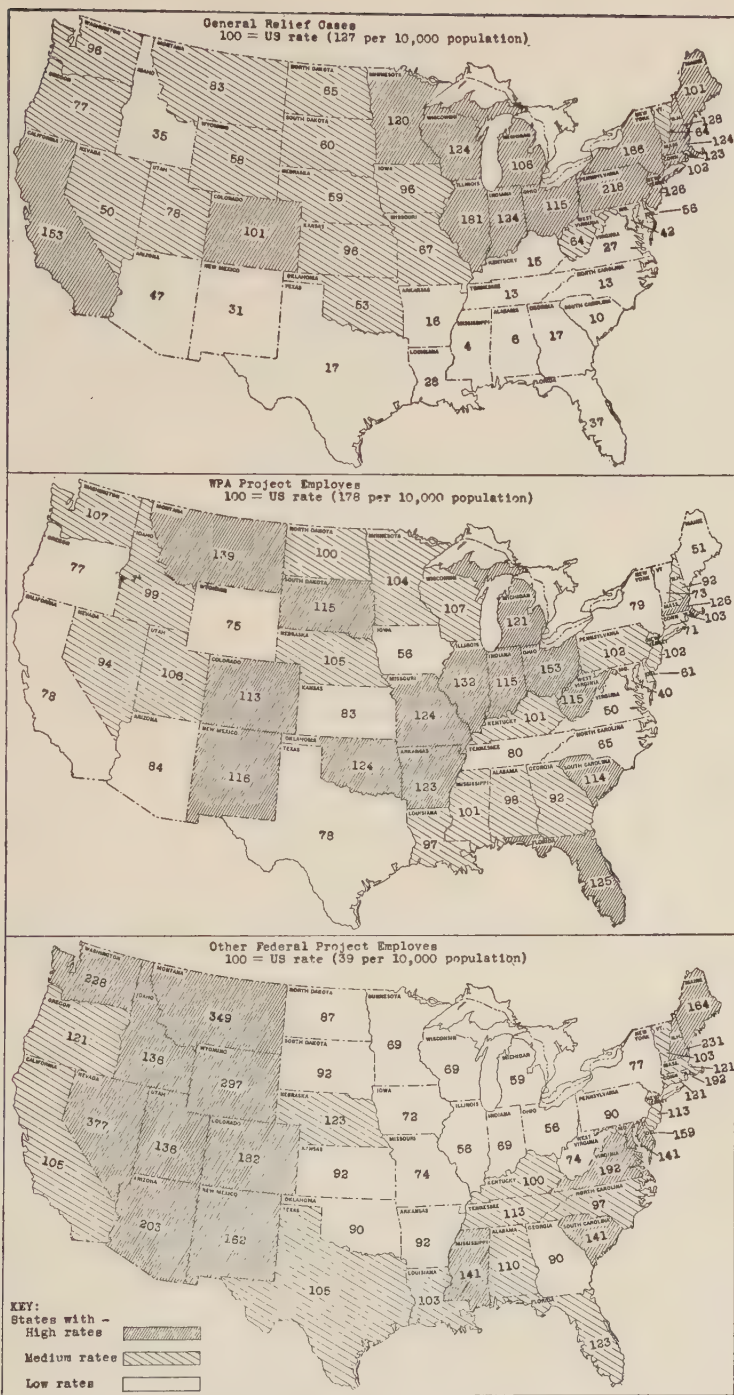


DIAGRAM 8.—STATES HAVING HIGH, MEDIUM, AND LOW RATES OF INCIDENCE OF GENERAL RELIEF CASES, OF WPA EMPLOYEES, AND OF OTHER FEDERAL PROJECT EMPLOYEES, 1939

Figures show the state rates as percentages of the United States rate.

The WPA and Federal Relief Policy

inhabitant in states having high as opposed to low per capita incomes did not vary greatly from the dollars-and-cents difference in amounts spent for general relief in these two classes of states, the differences in expenditures per inhabitant for general relief were vastly greater when considered in proportion to the actual amounts involved.

For example, in the six states in which per capita income payments in 1939 averaged \$700 or more, per capita expenditures for general relief averaged from 42 to 56 times those in states in which income payments averaged less than \$300. On the other

TABLE 40.—RELATION OF AMOUNT PER INHABITANT OF WPA EARNINGS, AND OF GENERAL RELIEF BENEFITS TO ANNUAL INCOME PER INHABITANT, 47 STATES, 1939

Annual income per inhabitant	Number of states	Amount per inhabitant (Average of state rates) ^a		Relative rate (Rate for lowest income class = 1.0)	
		WPA earnings	General relief	WPA earnings	General relief
\$200 to \$299	6	\$8.06	\$1.10	1.0	1.0
300 to 399	9	9.42	.59	1.2	5.9
400 to 499	12	9.95	1.60	1.2	16.0
500 to 599	8	12.16	3.77	1.5	37.7
600 to 699	6	14.65	3.62	1.8	36.2
700 to 799	3	12.86	5.56	1.6	55.6
800 to 899	3	10.21	4.19	1.3	41.9

^a Arithmetic average of rates of states in each income class. For sources of income data see Table 34. Sources of WPA and general relief data: Social Security Bulletin, March, 1940, p. 67.

hand, WPA wages, per inhabitant, in the former group of states were less than twice the amount of those in the latter group.

In Table 40 are presented the average expenditure, per inhabitant, for general relief and that for WPA wages in 1939 in the several states, arranged by size of average per capita income payments.

When total federal expenditures on WPA projects are compared with total state and local tax collections it is found that the former were much higher in proportion to the latter in states in which per capita income payments were low than in states in which average income payments were high. This is evident from Diagram 9 and from Table 41. As may be noted from Table 41,

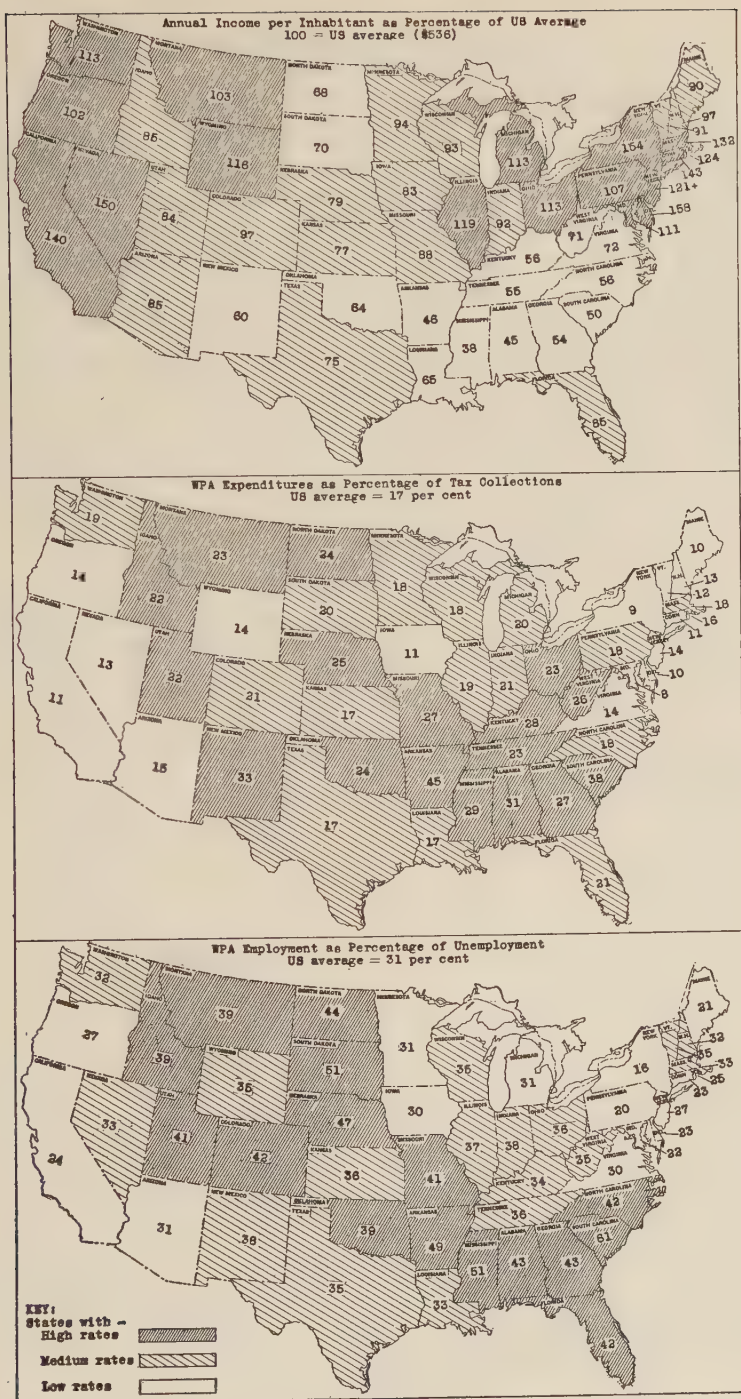


DIAGRAM 9.—STATES HAVING HIGH, MEDIUM, AND LOW RATES OF ANNUAL INCOME PER INHABITANT, 1939; OF WPA EXPENDITURES FROM FEDERAL FUNDS TO STATE AND LOCAL TAX COLLECTIONS, IN FISCAL YEAR, 1940; AND OF WPA EMPLOYMENT TO UNEMPLOYMENT IN MARCH, 1940

The WPA and Federal Relief Policy

federal expenditures for WPA projects in the six states having the lowest average per capita income in 1939 represented about 32 per cent of all state and local tax collections whereas in the six states in which average income payments were highest WPA expenditures represented less than half this proportion of state and local tax collections. Diagram 9 also shows that states having a low average income per inhabitant in 1939 not only had a high ratio between federal WPA expenditures and state and local taxes, but also a relatively large proportion of their unemployed employed on WPA projects in March, 1940.

Were comparisons made of needs and resources among polit-

TABLE 41.—RELATION OF WPA EXPENDITURES FROM FEDERAL FUNDS EXPRESSED AS PERCENTAGE OF TOTAL STATE AND LOCAL TAXES IN FISCAL YEAR 1940 TO ANNUAL INCOME PER INHABITANT IN 1939, 47 STATES

Annual income per inhabitant (1939)	Number of states	WPA expenditures from federal funds as per cent of tax collections	
		Average of state rates ^a	Range of state rates
\$200 to \$299	6	31.9	22.5 to 44.5
300 to 399	9	22.7	13.7 to 32.9
400 to 499	12	18.3	9.8 to 26.8
500 to 599	8	16.7	7.8 to 23.3
600 to 699	6	18.4	13.5 to 22.6
700 to 799	3	13.3	10.6 to 18.1
800 to 899	3	10.8	9.3 to 13.0

^a Arithmetic average of rates of states in each income class. For sources of data see Tables 34 and 37.

ical subdivisions of states rather than of one state as opposed to another, disparities might well be expected to be even greater than those revealed by state data.

If, as proponents of local control sometimes insist, responsibility for relief should rest upon small political units, it is to be expected that (as in New York State where responsibilities for general relief may be assumed by towns rather than by counties) wealthy people living in one section of a political subdivision will attempt to limit their responsibility to the care of needy persons in their own small communities. If they are successful in this they may escape the burden of paying, out of their abundance, any part

The Broader Issues

of the cost of helping their less fortunate neighbors across the tracks. Thus, purely local responsibility for relief raises again the old story of great industries which establish themselves just outside the boundaries of a city (or county) and thus escape taxes which must be relied upon for the care of their own employes who fall into need because they lose their jobs or are taken sick.

Historically, failure to match resources against needs is symbolized by the old principle of parish responsibility, which early in the history of this country was taken over bodily from still earlier experience in England.¹ However, the gradual broadening of the base of responsibility finally bridged this gulf between jurisdictions that had vast wealth and almost no poverty and those which had almost nothing but poverty.

¹ Of the English parishes Sidney and Beatrice Webb have written: "The fifteen thousand separate parishes and townships, each one having to maintain its own poor, varied in area from a few score acres to thirty or forty square miles; in the number of inhabitants, from a few dozen to tens of thousands of households; in financial resources, from a barren common to the densely congregated residences, shops, banks, warehouses and wharves of the parishes in the City of London."—English Local Government: English Poor Law History. Part II: The Last Hundred Years. Longmans, Green and Co., New York, 1929, vol. I, p. 3.

Even in the early years of the twentieth century basic responsibility for relief needs rested upon groups of parishes or unions which still perpetuated such anomalies as the coexistence—sometimes in juxtaposition—of wealthy unions or "cities of the rich" in which there was relatively little need and, on the other hand, unions in which (as in Poplar and West Ham) need was great and resources meager.—See *Ibid.*, vol. 2, pp. 896-934.

CHAPTER XXVIII

FEDERAL RESPONSIBILITY (CONTINUED)

PRECEDENTS FOR USING RESOURCES AND POWER OF THE FEDERAL GOVERNMENT TO AID DISADVANTAGED GROUPS

AMONG ARGUMENTS most frequently advanced in support of federal responsibility for relief needs is that such responsibility is but a logical extension of the government's long-recognized role of using its power and resources to help groups among the American people who can convince Congress that they need special help at any given time.

Thus, the federal government has established tariffs to aid struggling and infant industries, and has made direct and indirect subsidies to other far from infant industries, including railroads, airlines, shipping companies, and publishing concerns.¹ It has sometimes fostered and sometimes restricted immigration, depending upon whether the nation's labor supply needed to be increased to meet demands of expanding industry, or needed to be limited because of increasing unemployment.

Even more important, perhaps, has been the use of the public domain to help individuals to get a new start in life. Precedents most closely related to national responsibility for relief needs are found in the long list of appropriations of federal funds for disaster relief in this country and also in foreign countries.

Finally, just before the federal government went into the relief business in a really big way, there was established President Hoover's Reconstruction Finance Corporation which even during his regime lent, invested, or allocated nearly three billion dollars. Although the bulk of these funds—concrete evidence of the use

¹ In a detailed report, *Government and Economic Life*, published by the Brookings Institution (and written by Leverett S. Lyon, Victor Abramson, and others) there are enumerated various kinds of help given from time to time to some of the nation's most important industries. According to this report, special aids have not been limited to struggling industries of a more primitive stage of America's economic development but have, with the passage of time, been extended to a "greatly increased" number of industries. Writing of tariffs, one of the forms federal aid to industry has taken, these writers termed them "a *dole de luxe*." Then, too, there were the many types of governmental aid to railroads. These have included freedom from restrictions upon rates, outright grants of funds and land, the latter being primarily from the federal government.—Washington, 1940, vol. 2, pp. 609-610, 751.

The Broader Issues

of federal financial power to help alleviate distress—went to banks, railroads, insurance companies, and other business enterprises, some, however, were lent to states and cities for unemployment relief—a clear admission that the federal government could no more refuse to use its resources to help its unemployed than its capitalists.¹

Among leaders of the Roosevelt administration none has done more than Harry Hopkins to show that federal aid for needy people is but an extension of the practice of helping special groups. In an address in 1938, for example, Mr. Hopkins declared:

From the very first years of Washington's administration the national government intervened with all its resources frequently and aggressively in order to develop commerce, agriculture and industry.

Pump-priming in those days took forms which kept us from recognizing it for what it was.

It took the form of giving away the national domain in free land to veterans and then to all settlers, of giving away vast areas to railroad companies to help them build their systems. It took the form of great internal improvements, of building roads, subsidizing canals, dredging waterways and building harbors all with government funds. It took the form of a protective tariff to subsidize infant industries and expand American employment. It took the form of giving away certain sovereign powers of the people—those intangible parts of the public domain—such as franchises to public utility enterprises, the power to issue currency and create credit to banks, and exclusive patent rights for inventions—by means of which we deprived others of the right to engage in these enterprises but enlarged our industries, put men to work, created buying power.

These are a few examples of the pump-priming which our American Government has engaged in for a hundred and fifty years. Pump-priming is as American as corn-on-the-cob.²

Writing of the public domain which he calls "the original re-

¹ Commenting upon the activities of the Reconstruction Finance Corporation, Stuart Chase, as early as June, 1935, wrote: "Its activities have centered upon relief for capital and relief for the wayfaring man. Capital received first attention under Mr. Hoover, while under Mr. Roosevelt the common man has fared better. But the two are not altogether separate and distinct. In a high energy economy, capital and the common man are tangled up together. Relief to banks and insurance companies has prevented millions of common men from losing their savings. Relief to farmers and home owners has prevented the destruction of creditors who held their mortgages. Capital has undoubtedly had the lion's share. . . . The RFC is deep in the vaults of the banks, deep in agricultural credit, deep in the real estate business, in railroads, insurance companies. It has underwritten the bank accounts of upwards of 90 percent of us who have bank deposits."—*Government in Business*. Macmillan Co., New York, 1935, p. 38.

² WPA Release 4-1729, July 16, 1938.

The WPA and Federal Relief Policy

lief fund of the United States, and by far the greatest that the country has ever had," Walter Prescott Webb declares that the railroads of the West, "practically every great cattle fortune of the early days," and many a mining fortune were, in large measure, founded upon direct assistance provided by the federal government.¹

Most important, however, among precedents for using national resources to meet the needs of the American people, was, as already noted, the way the federal government used its land to give families and individuals a new start in life.²

However, it was not only those who took up homesteads who were thus emancipated from the iron law of misery, for the drawing off of the vast supply of laborers who ultimately went west undoubtedly helped to protect if not to raise the wage standards of those who remained behind.³

Although the giving of free land to homesteaders has frequently been recognized as an important milestone in the use of federal power and resources for the benefit of disadvantaged groups, attention is but seldom focused on the fact that the original acquisition of a vast portion of the public domain—through the Louisiana Purchase—was in itself one of the earliest uses of the nation's resources to help certain classes of its people, whose

¹ Mr. Webb gives some suggestion of the extent of this aid to railroads in the following: "For every mile built in the prairie and plains regions the government gave [the Union-Central Pacific] twenty sections favorably located along the right of way. In addition, the government advanced \$16,000 for each mile built on the plains, \$32,000 for the foothills country, and \$48,000 for the mountains. The two roads received 33,000,000 acres, an area greater than New York State. All the land grant roads received about 242,000 square miles (154 million acres), an area greater than France."—*Divided We Stand: The Crisis of a Frontierless Democracy*. Farrar and Rinehart, Inc., New York, 1937, pp. 173-174.

² Of this Webb has written:

"The frontier was above all else an outlet, a safety valve when pressure was too high. . . . It was a haven of refuge for brokenhearted lovers, escaped criminals, defeated politicians, bankrupts, and unemployed. . . .

" . . . [it] did not solve the problems of government, but it *removed* them from the government's presence and actual jurisdiction. . . .

"[When] The Homestead Act was adopted . . . the government still had half of the national domain (half of the present United States) to use as a relief fund. . . .

"In twelve years, 1868-1880, more than 19,000,000 acres of land had been alienated in free homesteads. . . . In forty-nine years the government gave an average of 23,340 homesteads, or 3,812,000 acres, annually."—*Ibid.*, pp. 167-172.

³ Precedents for the use of the nation's resources as a means of meeting social needs were not limited to the people of any one country. As Jonathan Daniels once put it, "The settlement of this country amounted to the WPA project of the seventeenth and eighteenth centuries."—*Survey* Midmonthly, vol. 67, no. 3, March, 1941, p. 73.

The Broader Issues

"very existence," according to Charles and Mary Beard, "depended upon the navigation of the Mississippi without let or hindrance."¹

Just as the young federal government was moved to pay some 13 million dollars for the Louisiana territory so as to provide, among other things, a way to float lumber, tobacco, hemp, wheat, corn, and pork to markets, so also was it induced (in 1806) to authorize construction of the first section of the Cumberland Road which was built as a fair counterpoise to eastern producers' ability to ship their products by water.²

Precedents which have probably been cited more frequently than any others in support of federal responsibility for relief needs are those congressional appropriations which have been authorized from time to time over a long period of years for relief of disaster victims in all parts of the world. Among types of disasters whose victims Congress has aided are those caused by fire, flood, grasshoppers, storms, drought, earthquake, volcanic eruption, war, pestilence, and famine. Kinds of relief offered have ranged from granting individuals exemption from meeting certain obligations to the federal government to outright grants of cash totaling many millions of dollars.³

Exemptions from Certain Obligations to the Federal Government

As early as 1803 and 1804 sufferers from fire at Portsmouth, New Hampshire, and Norfolk, Virginia, were given an extension of time within which to discharge bonds given for customs duties.

¹ Beard, Charles A., and Mary R., *The Rise of American Civilization*. Macmillan Co., New York, 1937, vol. 1, p. 395.

² Whereas use of federal power and resources for meeting relief needs has frequently been justified on the ground that this was only the logical extension of the federal government's time-honored policy of using its resources to aid disadvantaged groups, it is noteworthy that the boot was once on the other foot. Instead of attempting to justify expenditures for relief on the ground that federal funds had previously been used for other types of aid, Calhoun in 1817 (when the constitutionality of using federal funds for roads and canals was in question) defended the propriety of such expenditures on the ground that Congress by unanimous vote, or nearly so, had granted "fifty thousand dollars to the distressed inhabitants of Caracas, and a very large sum, at two different times, to the Saint Domingo refugees."—*Annals*, 14th Congress, 2d Session, February, 1817, p. 855.

³ For a list of federal relief measures enacted between 1803 and 1932 see U. S. Senate Committee on Manufactures (Hearings on S. 5125), *Federal Aid for Unemployment Relief*. 72d Congress, 2d Session. Government Printing Office, Washington, 1933, Part II, pp. 547-553. See also Congress as Santa Claus, by Charles Warren Michie Co., Charlottesville (Va.), 1932.

The WPA and Federal Relief Policy

Similar relief was given in 1836 to sufferers from fire in New York City. Somewhat comparable was the waiving of imposts, in 1866 and 1872, respectively, for relief of sufferers from fire at Portland, Maine, and at Chicago. In both instances legislation was enacted to permit suspension of internal revenue taxes to persons suffering material loss by fire.

Outright Relief

The first outright relief granted by the federal government appears to have been that for fire sufferers at Alexandria, Virginia, for whom \$20,000 was appropriated in 1827. This amount was dwarfed in 1874 by the more than half a million dollars appropriated for food and clothing for persons affected by the overflow of the Tennessee and Mississippi Rivers. Ravages by grasshoppers led in the succeeding year to the appropriation of \$30,000 for seeds and \$150,000 for food and clothing.

The Secretary of War was authorized in 1880 to distribute 4,000 rations to Macon, Mississippi, which had been struck by a cyclone. In subsequent disasters the Secretary of War was authorized to use army tents, medical and quartermaster's supplies for sufferers of floods primarily along the Mississippi and its tributaries. It was a whimsical turn of fate that led Congress in 1890 to rule that funds earlier made available for flood relief along the Mississippi might be used for the relief of citizens of the Territory of Oklahoma rendered destitute by drought!

The largest appropriation for disaster relief reported during these early years, was that for \$3,000,000 made in 1903 to alleviate distress in the Philippine Islands. Having fallen into the stride of voting funds in seven figures, Congress in 1906 appropriated \$2,500,000 for sufferers of fire and earthquake in San Francisco and along the Pacific Coast.

It was not only Americans at home who were granted federal relief in time of disaster. Congress in 1897 voted \$50,000 for the relief of American citizens in Cuba; in 1922 authorized four times this amount for American citizens and their relatives who were "Smyrna victims"; and in 1916 appropriated \$300,000 for the relief of destitute American citizens in Mexico.

While Congress was voting funds for disaster relief at home and in the Philippine Islands and to Americans abroad, federal funds were also made available for the relief of citizens of other

The Broader Issues

countries. An earthquake in Venezuela led Congress in 1812 to appropriate \$50,000 for Venezuelans. Further appropriations for citizens of other countries included \$100,000 (in 1899) for destitute inhabitants of Cuba; \$200,000 made available in 1902 for citizens of Martinique; \$800,000 in 1909 for earthquake sufferers in Italy; and \$50,000 for Chinese famine victims in 1911. The largest appropriation Congress had yet made for relief either in this country or abroad was in 1919 when \$100,000,000 was appropriated for food relief in war-torn Europe. Three years later \$20,000,000 was made available to famine victims in Russia. Relief to the Near East in 1919 cost Uncle Sam well over \$600,000; that to Japan, after the 1923 earthquake, cost the federal government more than \$6,000,000.

American aid to foreign countries did not always take the form of outright relief. Sometimes it consisted of facilities (such as naval vessels or chartered ships) to transport provisions and supplies for famishing or other suffering people in various countries. Transportation of supplies for the famishing poor of Ireland and Scotland was authorized in 1847; for destitute people in France and Germany in 1871; and for starving people in India in 1897.

Despite this long line of precedents for using federal resources to relieve need arising from disaster, the Hoover administration in the early years of the Great Depression refused to look upon it, or upon the resulting unemployment and economic chaos, as a disaster, and long refused federal aid for the hapless victims.

Precedents for Creating Jobs

Among the factors which finally induced the national government to assume at least some responsibility for relief needs during the depression in the early 1930's was the recalling of earlier steps taken to provide jobs for the unemployed. Interestingly enough, comparatively little was said during the first dark years after 1929 about federal aid for *relief*. As in previous depressions, however, much was being said of the need for the federal government to assume responsibility for creating jobs.

Just as responsibility assumed by the federal government in providing first disaster relief and then relief of other types, so responsibility for providing employment has also grown by a devious course, passing through a number of phases characterized

The WPA and Federal Relief Policy

by the acceptance of ever-broadening obligations and by increasing centralization of control. Since no attempt is here made to present a complete history of federal efforts to provide employment for unemployed workers, reference will be made only to various *types* of responsibility the federal government has from time to time assumed.¹

Perhaps the earliest phase of the federal government's attempts to provide employment for unemployed workers was through the voluntary initiation by various federal agencies of authorized public works falling under their jurisdiction. An early example of such scheduling was the inauguration by the War Department of construction of fortifications around New York City in 1808 so as to provide employment for seamen and dock workers thrown out of work as a result of the Embargo Act prohibiting shipping between American and European ports. Castle Garden, later adopted by New York City as its aquarium, was part of these fortifications. The Navy Yard in New York also agreed to receive unemployed seamen for service. These actions, which were not demanded by Congress, represented voluntary efforts on the part of federal agencies to synchronize their undertakings with the need to alleviate distress arising from the nation's foreign policy.

A second stage in the development of federal responsibility for providing jobs for unemployed workers is that represented by the timing of congressional appropriations for road and construction projects so as to provide jobs in times of extended unemployment. Representative of this stage was the appropriating of \$200,000,000 by Congress in 1919 for highway and construction work to offset unemployment and business depression expected to result from the end of hostilities and disbanding the Army at the close of World War I. This second stage involved deliberate action

¹ For detailed discussion of the development of federal public works policy see: Clark, John M., *Economics of Planning Public Works*. Government Printing Office, Washington, 1935.

Douglas, Paul H., and Director, Aaron, *The Problem of Unemployment*. Macmillan Co., New York, 1931.

Galbraith, J. K., and Johnson, G. G., Jr., *The Economic Effects of Federal Public Works Expenditures, 1933-1938*. National Resources Planning Board, Washington, 1940.

Gayer, Arthur D., *Public Works in Prosperity and Depression*. National Bureau of Economic Research, New York, 1935.

Isakoff, Jack F., *The Public Works Administration*. *Studies in the Social Sciences*, vol. 23, no. 3. University of Illinois Press, Urbana, 1938.

The Broader Issues

on the part of Congress to make funds available when needed to give jobs to unemployed workers.¹

In the light of the many precedents for using federal power to aid a wide variety of different groups which, at one time or another since the nation's founding, had received special help from the federal government, it appears to many observers that federal action in behalf of needy persons is wholly in line with American traditions and completely justified as a means of relieving need that otherwise would probably have gone unmet.

This position is not unanimously supported, however, and there are still some who—though they would probably be the first to decry discontinuance of aids to business—deplore use of the nation's resources for aiding the needy. Commenting on the fact that unemployed workers during the depression were often criticized because they "come demanding and speaking of their rights," Nels Anderson once declared:

Such behavior on the part of the unemployed was shocking chiefly because it was strange conduct for American workers who traditionally went their ways with dignity and quiet. It is not strange behavior for groups of American citizens, however, to approach their Government with demands. . . . Some industries get preferential tariffs, which is a form of public dole. . . . The government has granted subsidies to mining companies and to transportation companies. These are special benefits demanded by certain citizens. The Government has often aided business through the purchase of surplus commodities. That is a form of relief. We know how previous administrations have given away to corporations most of the natural resources of the nation. We know how newspapers, who condemn the unemployed, have benefited through preferential postage rates. The list of special groups that have received benefits is long. When the unemployed come demanding they are but following a pattern of conduct which has long been in vogue.²

In retrospect it is significant to note that the long delays in securing federal aid for relief were in part at least attributable to

¹ The principle of appropriating increased funds for public employment in times of depression, effectuated in 1919 by a Democratic administration, was endorsed in 1921 by Republican President Harding's Conference on Unemployment. This conference (under the chairmanship of Herbert Hoover, then Secretary of Commerce) recommended a congressional appropriation for roads which "together with State appropriation amounting to many tens of millions of dollars already made in expectation of and dependence on Federal aid, would make available a large amount of employment." The same conference also recommended that "Federal authorities, including the Federal Reserve Banks, should expedite the construction of public buildings and public works covered by existing appropriations."—Report of the President's Conference on Unemployment, September 26 to October 13, 1921. Government Printing Office, Washington, 1921, p. 20.

² Labor Relations and Public Welfare. Paper presented at the conference of the Iowa Association for Social Welfare, Des Moines, April 18, 1940.

The WPA and Federal Relief Policy

fear lest such aid might invite further demands on the part of needy Americans to use their government to improve their economic welfare. So serious an obstacle did fears like these seem to proponents of federal relief early in the depression that they attempted to allay them by assuring the opposition that they were "invalid . . . because the unemployed (in contrast with war veterans) are not a stable and cohesive group, with political power and pride of organization."¹

It might also have been said, however, that even if federal relief were to develop a community of interest among needy people who might thus find a way of making their voices heard in Washington, this would be giving them no more than was already enjoyed by other groups, for example, trade associations and the various organizations of businessmen, farmers, and veterans. In fact, failure to make it possible for that large proportion of the population which for so long has been ill-fed, ill-clad, and poorly housed to get together on a program of action might be said to be depriving them of their due and playing into the hands of those special interest groups which did have the means for discovering and promoting their common aims.

Stating the issue editorially, the *Nation*—with its tongue in its editorial cheek, no doubt—in 1931 declared:

If the people learn that the government can help them in times of distress, if the people learn that the government is really their servant, the people may decide to use the government for their own purposes at other times as well. . . . The question is not one of whether relief shall be extended by Congressional or private charity; the question is whether government belongs to the people or to a few private individuals.²

Somewhat earlier the *New Republic*, too, had commented on this possibility, declaring: "If the voters once get the habit of using the State to transfer wealth from the opulent to the indigent, or employ State machinery in any other way for an equalitarian economic purpose, there is no telling where they might stop."³

More recently, Eveline M. Burns, lecturer in economics at Columbia University and director of the nationwide relief study

¹ Social Work Conference on Federal Action on Unemployment, *A Social Work Study of Federal Aid for Unemployment Relief*. Report of Steering Committee. New York, n.d., p. 5.

² "Anarchy and the Red Cross," vol. 132, no. 3423, February 11, 1931, p. 144.

³ "Behind the Red Cross Battle," vol. 65, no. 343, January 28, 1931, p. 285.

The Broader Issues

made by the National Resources Planning Board in 1941 has written as follows of attempts to take British unemployment programs out of politics: “. . . those who believe in economic as well as political democracy may properly question the desirability . . . of attempts to remove from politics questions which in recent years have involved very substantial expenditures and have vitally concerned the lives of between 1.3 and 2.3 million workers and their families.”¹

To those who support this view, the possibility that federal relief may help people who need it to add their voices to the already mighty choruses shouting their proposals at Congress, will not seem cause for alarm. On the other hand, those who would deny federal relief to needy people in an attempt to forestall the possibility of forming interest groups might find that they were only playing into the hands of leaders eager to rally people whose destitution and desperation might serve as a basis for common action.

BETTER UNDERSTANDING AMONG FEDERAL OFFICIALS AND LEGISLATORS OF EXISTING NEEDS

A further reason why, in the minds of some proponents of national responsibility for relief needs, the federal government should play an important role in this field, is that federal officials and legislators are in a better position than state and local officers and legislative bodies to understand these needs and what should be done about them.

Speaking particularly of needs arising from unemployment in 1938, Harold H. Burton, while serving as mayor of Cleveland, once told a Senate Committee: “It is difficult, if not impossible, for many State officials to appreciate the nature of this industrial calamity because in the smaller towns and agricultural areas it is not present. Many a State government, therefore, is unable to see the situation in as true or clear a perspective as is the Federal Government.”² It is this factor, perhaps, which led Paul V.

¹ British Unemployment Programs, 1920-1938. Social Science Research Council, Washington, 1941, p. 308.

² U. S. Senate Special Committee to Investigate Unemployment and Relief (Hearings Pursuant to S. Res. 36), Unemployment and Relief. 75th Congress, 3d Session. 1938, vol. 1, p. 597. Further testimony on this issue was presented in 1936 to a conference held under the auspices of the American Association of Social Workers by a representative who declared: “Putting the relief problem back on Ohio has thrown

The WPA and Federal Relief Policy

Bettors, executive director of the United States Conference of Mayors, to say that the cities were not willing that relief be turned back to the states because "nearly every State Legislature is controlled by rural delegates who don't understand the problem of relief in urban centers."¹

State legislatures are often dominated by "upstate" (as in New York), or "downstate" (as in New Jersey and Illinois) legislators who, because they come from rural areas, frequently fail to grasp the social needs of more populous districts. Unlike the United States House of Representatives, which reapportions its membership after each decennial census, state legislatures whose makeup may be controlled by obsolete constitutional provisions or by some other inflexible practice frequently fail to give due representation to rapidly growing centers in which social needs are likely to be concentrated.

Among those who have recognized this problem is George C. S. Benson who has declared that if states are to meet their responsibilities properly they:

. . . must reapportion their legislatures to give the great metropolitan communities a more decent break. The present tendency to legislate against the metropolis encourages direct federal-local relations and in the long run will operate against the state governments. The Republican who votes against reapportionment because he doesn't want the Democratic politicians in power in the state capitol is thereby voting against his own party's position of keeping power in the hands of the states. A unit of government which does not represent the people or meet their problems is bound to lose out in the long run.²

One reason why those coming from rural areas may find it difficult fully to grasp the nature and extent of urban needs is that the very nature of certain programs designed to meet rural needs fails to bring local awareness of their real extent. For example,

the situation into the hands of an unsympathetic and politically minded governor, who provides no leadership in meeting the serious problems faced by a large urban community like Cleveland. Since the federal government withdrew from the direct relief picture, the removal of federal standards and supervision has meant that the new relief program in Ohio has been built up by this governor. The relief program has been polished off by the rural group of legislators who predominate in our state legislature and who are ignorant of the conditions in urban communities."—Johnson, Margaret, "Unmet Needs as Shown in Practice," in *This Business of Relief: Proceedings of the Delegate Conference*. New York, 1936, p. 41.

¹ As quoted in the *Baltimore Sun*, December 3, 1938.

² "States' Rights and Home Rule," in *State Government*, vol. 13, no. 7, July, 1940, p. 132.

The Broader Issues

various kinds of rural needs have for several years been met through the federal Farm Security Administration which, as already noted, is administered from Washington and which is financed wholly from federal funds. Thus, neither local nor state action or money is required. Leaders from rural areas, therefore, may be unaware of the needs in even their own bailiwicks and, as a result, may well underestimate the needs in urban areas.

Another reason why federal legislators and officials may be in a better position than state officials to grasp the extent and nature of relief needs is that federal agencies frequently have far greater research facilities than are available to state and local governments and make more use of public hearings and other devices that yield extensive information which is invaluable to the understanding and meeting of public problems.¹

Still another reason why the federal government might be in a better position than state and local governments to understand (and also to act upon) social needs is that poll taxes, racial and other discriminations, which in some sections of the United States effectively deny a voice in government to the very groups most likely to be in need, do not muffle the voice of the dispossessed throughout the nation as a whole.² Thus, although potential voters who are denied the right to vote have no more opportunity to vote for federal than for state or local officers and legislators, they may nevertheless find themselves represented in Congress—

¹ That these considerations are applicable to other problems than those in the field of relief has often been suggested. Enumerating changes that should be effected if state governments are to compete successfully with the growing role of the federal government, George C. S. Benson mentioned "the development of aids for the hard-pressed state legislator," "bigger salaries, longer sessions," and "more research aids."—*Ibid.*

² Unlike schools and other general public services, which reach all the people of a community and which all classes would be likely to want well administered since their own interests are affected, relief and public welfare programs often serve only socially or economically disadvantaged groups. If these persons are denied an effective voice in determining the nature of such programs, they are automatically left to other groups which have a much less direct interest in them.

The importance of considerations like these was emphasized in 1938 by the National Emergency Council's report on Economic Conditions of the South. Reporting upon the effect of the poll tax, not in its relationship to the delay of vast social improvements in the South, but to such difficulties as resisting so simple a matter as a sales tax, the Council declared: "The poll tax keeps the poorer citizens from voting in eight southern States, thus they have no effective means of protesting against sales taxes."—Washington, p. 23.

For a recent analysis of the practical effects of poll taxes upon exercise of the franchise by economically disadvantaged persons, see "War at the Poll Tax Front," by Robert E. Martin, in *Opportunity*, vol. 20, no. 4, April, 1942, pp. 100-105.

The WPA and Federal Relief Policy

as they are not represented in their state capitals—by representatives elected by people like themselves, and with ideas like their own, in other areas where race, poverty, and social position are not insuperable barriers to the exercise of the franchise.

While disadvantaged persons everywhere could be said to be represented in Congress so long as disadvantaged persons anywhere succeeded in electing their representatives, it is easy to exaggerate the importance of this representation and to overlook the opposite possibility which was pointed out in 1941 by Representative Geyer of California. He declared:

. . . so long as so many of our States require the payment of a poll tax as a prerequisite to voting, the unemployed anywhere in the United States will not get the proper consideration due them in a democracy where all men are supposed to have equality of opportunity. . . .

. . . if certain restrictions are put into the laws governing the WPA, largely by means of the votes of one section of the country, all WPA workers will suffer from these restrictions, regardless of how their own particular Representatives might have voted on that issue. . . . The Casey amendment providing for an increase in the WPA appropriation was defeated largely by the 78 Representatives of the poll-tax States. In other words, had the Representatives from these 8 poll-tax States had the same percentage for the amendment as did the other sections of the country the amendment would have carried, and a greater number of the already certified needy could have been cared for than will now be possible. . . .

It has always been the same. The section of the country which has been called our No. 1 economic problem has given the least support to the measures which would benefit their unfortunate people the most.

At first this seemed strange to me, but when I realized that these people had little money on which to live, let alone pay for the right of voting for their elected representatives, I could readily see that their interests would be sacrificed for the interests of those who pay the poll tax.

The WPA bill has two strikes against it before it ever gets out of committee, for the chairman of the subcommittee handling the bill comes from one of our poll-tax States. He is one of the ablest men in the House and thoroughly believes in and practices the American principle . . . that in representative government the representative must serve his voting constituents.

Thus we see that justice to our unemployed of the Nation can be obtained only when they are able to go to the polls in all sections of the country with the power to reward or to punish according to the treatment their segment of society has received.¹

In direct conflict with the foregoing is the counter-claim that increased control over relief matters should be given local authori-

¹ Congressional Record, Appendix, July 9, 1941, p. 3544.

The Broader Issues

ties because it is *they* who know best what is needed. Typical of statements favoring this position is that of the Chamber of Commerce of the United States. This body declared:

Conceding that in extreme emergencies the federal government should assist temporarily state and local governments unable to cope with relief burdens they are compelled to assume, it is apparent from the methods thus far pursued by the federal government that it is remote, too large and too clumsy for efficient administration of local relief. It cannot have an adequate understanding of local conditions and is unable to determine satisfactorily either the type or amount of relief needed, if any. . . .¹

One fundamental issue posed by this head-on clash of ideas is the question: Granted that, under a democracy, the majority should rule, *which* majority should rule? If a given issue were put before the people of the entire United States, the majority might decide one way. If the same question were put to the voters of a single state, it might be decided in another. If put to the people of one particular county, or of one town, to those living on one side of a street, the answer might be something quite different. With respect to relief standards and decisions as to whether people who would otherwise be without work should or should not be given public employment, there are some who contend that these issues may safely be left to the judgment of the voters of almost any jurisdiction, however small. On other questions, such as war, tariffs, and slavery, however, it would probably be admitted that local or even state opinion must yield to the position taken by the nation as a whole. The difference, obviously, is the degree to which questions are thought to be invested with national as opposed to merely local or state interest.

While the constitutionality of the old-age benefits title of the Social Security Act was being contested before the United States Supreme Court, counsel for the respondent declared that aid from a paternal government may sap the sturdy virtues of self-reliance and frugality and breed a race of weaklings. "If Massachusetts so believes and shapes her laws in that conviction, must her breed of sons be changed . . . because some other philosophy of government finds favor in the halls of Congress?" To this the Court replied:

. . . the answer is not doubtful. One might ask with equal reason whether the system of protective tariffs is to be set aside at will in one state or another

¹Public Relief: Its Fiscal Importance for State and Local Governments. Washington, 1939, p. 8.

The WPA and Federal Relief Policy

whenever local policy prefers the rule of *laissez faire*. The issue is a closed one. It was fought out long ago. . . . When money is spent to promote the general welfare, the concept of welfare or the opposite is shaped by Congress, not the states. So the concept be not arbitrary, the locality must yield.¹

Thus, the question as to what responsibilities the federal government should assume for relief needs appears to involve a further question: To what extent is the meeting of relief needs invested with "national interest"?

THE "NATIONAL INTEREST" AND FEDERAL RESPONSIBILITY FOR RELIEF

Providing relief (like providing employment for workers who would otherwise be without jobs) is widely thought to constitute a proper federal responsibility because it is invested with a peculiar "national interest"—a term which in itself represents ever-changing concepts.²

Federal expenditures for relief have, for example, been justified on the ground that they were essential not only to those persons for whom they purchased food, clothing, shelter, and fuel, but also to grocers, businessmen, landlords, and indeed, to the whole American economy. Similarly, it has been held that preservation of the health and living standards of needy people everywhere has been important to the well-being of the entire nation.³

¹ *Helvering et al. v. Davis*, 301 U. S. 619, 645; 109 A.L.R. 1319.

² The wide variety of considerations advanced from time to time as being in the "national interest" is well illustrated by the history of federal public works, which at one time or another have been justified on the ground that they contributed to the national wealth; that, as in the case of highways and canals, they contributed to the unification, settlement, and development of the nation; or, like highways, harbors, and fortifications, were essential to the nation's defense and through facilitating its settlement prevented its being occupied and claimed for a foreign government.

Although construction of lighthouses is among the oldest types of public work undertaken by the United States government, this was early attacked as not being in the national interest. However, it was argued that except for lighthouses and other aids to shipping, prices of merchandise needed by those living far inland in the new states would inevitably have been higher, thereby affecting the entire nation's interest.

Likewise, when construction of forts along the seaboard was attacked by statesmen from the hinterland on the ground that these did not contribute to the defense of their communities, proponents of federal expenditures for coastal fortifications supported these expenditures on the ground that if an enemy were not turned back from the shores of this country it might not be long until he would have had to be driven out of the interior.

³ See chap. 26.

The Broader Issues

Of this mutual dependence of all sections of the country upon other sections Jane Perry Clark has written:

. . . the ill fate of one section of the country is reflected in other sections. Not all states have been equally endowed by nature and fortune, but they nevertheless may hinder the development of the country as a whole if they are not helped to come up to the level of those which are more fortunate. What Sidney Webb wrote in 1911 is even more true today: "a community which neglects sanitation, education and public safety is a menace not only to itself, but to the entire nation"; the freedom of the inhabitants of any particular place "to do what they like with their own is incompatible with the national well-being." And it grows increasingly less sure that their own is theirs to do with as they like.¹

As the United States became more and more involved in World War II increasing emphasis was placed upon the nation's interest in relief programs because of their importance both in keeping hundreds of thousands of Americans physically capable of being useful to their country and in giving disadvantaged people more reason to want to defend it. Had the nation done nothing to help them meet their elementary needs, it would not be surprising if they were to "reason why," or to question what, in such a nation, they should be glad to defend.

The claim has also been made that relief, in the last analysis, is a form of riot insurance, preserving the very existence of the nation against possible assault by millions of desperately needy and hopeless Americans.

With the growth of world unrest, relief programs have become newly invested with national interest, because, in a day of power politics and bitter competition of conflicting politico-economic ideologies, any form of government that can promise security may be expected to win support more easily than one which offers none. Furthermore, in a world torn with conflicting interests, unfriendly critics may pounce upon even atypical examples of neglect to show up another nation's failure to guarantee security to all its citizens.²

¹ *The Rise of a New Federalism*. Columbia University Press, New York, 1938, p. 311.

² That this danger is no will-o'-the-wisp has often been illustrated by the way unfriendly nations have publicized news about lynchings and discrimination against Negroes in the United States. According to press dispatches from Germany, the practice of requiring Jews to ride in special sections of public conveyances was defended on the ground that this practice of requiring members of minority groups to ride in separate accommodations was in conformity with a custom observed in "a great democratic country." Similarly, when Neville Henderson, British Ambassador to Berlin (from 1937 to 1939), challenged Nazis on their use of concentration

The WPA and Federal Relief Policy

Thus, new importance attaches to what happens to relief and work programs in any part of the United States.

Of this, President Roosevelt once declared: "The ability of the democracies to employ their resources of man power and skill and plant has been challenged. We meet this challenge by maximum utilization of plant and man power and by maintaining government services, social security, and aid to those suffering through no fault of their own."¹ However, since relief in itself is no proper answer to those who are without work, it is to the nation's interest that need for relief be reduced to a minimum so that democracy may successfully meet every challenge from any quarter whatever.

In passing, it should be noted that the same national interest that has dictated large federal responsibility for relief and employment programs in this country may also require the federal government to assume definite responsibilities for helping to provide needed relief in other nations, too. For example, many of the considerations² advanced to support national responsibility for relief might, with almost equal logic, be extended to support international responsibility. It would not be surprising, therefore, if the post-war world saw further developments in this field. These, it is suggested, might be defended as no more than a logical continuation of the current practice of using, in the national interest, the superior resources of the United States to supply friendly nations with arms and other implements of war. When the need for tanks and armaments has passed, however, it is not unlikely that this nation may find itself under obligation to continue to use its vast resources to give some help to those who, as a result of war against a common foe, find themselves in desperate need. In fact, if this were *not* done, this country would be doing

camp, these were justified by a high German official on the ground that the British had at one time used similar methods in South Africa.

When, in 1939, Edward Corsi, deputy commissioner of welfare in New York City, in a public address told about the inequitable distribution of income among people of the United States, this was avidly seized upon by the Berlin press as a further evidence of the breakdown of democratic government.

¹ WPA Release 4-2197, January 15, 1941.

² Such as the uneven distribution of resources and need, the importance to democratic institutions of proving that democracies can provide social security to all people, and, finally, the fact that both the cause and cure of conditions giving rise to unemployment and relief needs lie far beyond the control of any county, state, or even nation.—See chaps. 27 and 34.

The Broader Issues

less than it did at the close of World War I, when it voted large sums for European relief in response to the pleas of President Wilson, who declared:

The high mission of the American people to find a remedy for starvation and absolute anarchy, renders it necessary that we should undertake the most liberal assistance to these destitute regions.

The situation is one of extreme urgency, for foodstuffs must be placed in certain localities within the next 15 to 30 days if human life and order are to be preserved. I therefore request . . . an immediate appropriation of \$100,000,000 for the broad purpose of providing foodstuffs and other urgent supplies. . . . While the sum of money is in itself large, it is so small compared to the expenditures we have undertaken in the hope of bettering the world that it becomes a mere pittance compared to the results that will be obtained from it and the lasting effect that will remain in the United States through an act of such broad humanity and statesmanlike influence.¹

DIVISION OF OPINION WITH RESPECT TO FEDERAL RESPONSIBILITY FOR RELIEF

Though constantly decreasing in importance, there are still heard occasional protests against any federal participation in relief matters. These are but faint echoes, however, in comparison with such bitter attacks as were made a number of years ago. Typical of these attacks was one made by the *Manufacturers Record*, a recognized southern business authority, when it declared in June, 1936: "Relief has become a monstrosity. 'No one in America shall starve.' When was it decided that that is a business of Federal Government?"²

Somewhat more recently (in 1937) a committee of the Newark Chamber of Commerce reported that:

Informed public officials recognize that as long as more or less easy money is forthcoming from state and federal treasuries, relief costs may well be expected to remain at present levels in most instances. . . . It is reasonable to suspect that this rather anomalous situation can not be corrected until local communities are forced as quickly as possible to administer and eventually to finance their own relief.³

Opinions like these, however, are but rarely encountered in recent years, their holders being reduced to a mere corporal's guard. Even as early as 1934 Aubrey Williams could say: "A

¹ U. S. House, Report No. 892 (to accompany H. R. 13708). 65th Congress, 3d Session. January 2, 1919, pp. 1-2.

² Vol. 105, no. 6, p. 19.

³ As quoted in the *Newark Star-Eagle*, May 19, 1937. (Sentences rearranged.)

The WPA and Federal Relief Policy

very short time ago, few would have believed that the Federal Government would ever assume the responsibility of keeping its citizens alive. Yet at this moment that responsibility is scarcely questioned."¹ More recently, Senator L. B. Schwellenbach of Washington declared that the question of whether "in a democracy, government has the responsibility of assisting those who, through no fault of their own, are unable to find employment in private industry . . . is not even a subject of dispute today."²

With this view the American people as a whole appear to be in substantial agreement. Evidence of this was afforded by two surveys reported by *Fortune* in its issues of June, 1939, and April, 1940.³ The earlier survey indicated that 69.1 per cent of persons canvassed considered it a proper responsibility of the federal government to "provide for all people who have no other means of subsistence." A somewhat smaller proportion agreed that the federal government should also see to it "that everyone who wants to work has a job." The only other function which a larger proportion thought to be a proper responsibility of the federal government was the providing of an army and navy. In the later survey, persons canvassed were asked whether, in the building of "the strongest nation possible," the federal government should spend most money on increasing armaments, dealing with agricultural problems, reducing poverty and unemployment, or public construction. In the final vote first place was given to reducing poverty and unemployment, 43 per cent of all voters having indicated that they thought this to be of paramount importance in making the United States a strong nation.⁴

Even severe critics of Rooseveltian relief policies have sup-

¹ "Standards of Living and Government Responsibility," in the *Annals of the American Academy of Political and Social Science*, vol. 176, November, 1934, p. 37. Two years later, however, after a poll by the American Institute of Public Opinion had revealed that 55 per cent of those interviewed opposed federal participation in relief measures, Mr. Williams expressed concern that the dissenting segment of public opinion was so large.

² *Congressional Record*, Appendix, June 26, 1939, p. 2840.

³ Both of these dates, it will be remembered, were prior to the fall of France and before national defense developed into the all-consuming interest it later became.

⁴ Speaking of the preferences expressed by those interviewed in the course of this poll, A. A. Ballantine once declared: "There is little to suggest any quarrel with them: like the majority of the voters in the poll, most of us would put first the calls for relief of poverty and unemployment." Of this same issue Henry S. Dennison also agreed that the part of the *Fortune* question relative to government spending for relief admitted of but one answer since "the relief that is needed must be furnished."—"What Should Government Spend For—Armaments, Agriculture, Relief, Construction?" in *Town Meeting*, vol. 5, no. 24, March 25, 1940, pp. 7 and 13.

The Broader Issues

ported the principle of national responsibility for relief needs. The Republican party, in its platform of 1940, recommended federal grants-in-aid to states for relief purposes. Wendell Willkie, that party's candidate, announced during the campaign: "We believe in Federal relief. . . . Our Administration, if we are elected, will continue and will reinforce Federal relief so long as any man in America is without a job."¹

Some months before the convention in which he was nominated for the Vice-presidency, Senator McNary of Oregon declared that: "Relief can only be effectively handled . . . with Federal assistance equal to about two-thirds of the entire cost."²

No less rugged a critic of federal relief policies in the 1930's than Charles P. Taft frankly conceded the need for continued federal participation in relief programs and, in 1937, in an address before the National Conference of Social Work, declared:

To put our people back to work is going to cost money, and the money has to come from every agency concerned, private and public. . . .

In that partnership . . . our national government must contribute its fair share. We cannot let Washington run out on us . . . neither can we do this job without federal subsidies.³

Abandonment by the federal government of all responsibility for relief needs is not advocated even by such stout critics of the Roosevelt administration as the Chamber of Commerce and the National Economy League.⁴

In view of the long opposition by the Hoover administration to any vigorous federal action to relieve urgent needs arising

¹ As quoted in the *New York Times*, October 17, 1940.

² Congressional Record, Appendix, January 8, 1940, p. 76.

³ "Public Welfare and Efficiency in Government," in *Proceedings of the National Conference of Social Work*. University of Chicago Press, Chicago, 1937, pp. 49-50.

⁴ See, for example, *Chamber of Commerce of the United States, Public Relief: Its Fiscal Importance for State and Local Governments*, Washington, 1939, pp. 8, 9, 12; also, resolutions adopted at the national convention, as published in the *New York Times*, May 3, 1940. Realization by the Chamber of Commerce that federal responsibility for relief is a national necessity is all the more remarkable when it is recalled that in 1932 (when federal aid for relief was still only a proposal) the Chamber submitted a referendum to its constituent agencies which voted overwhelmingly—about 13 to 1—in favor of the principle that "relief should be provided through private contributions supplemented by State and local governments, and without any Federal appropriations for such purposes."—U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), *Unemployment Relief*. 72d Congress, 1st Session. 1932, p. 378.

See also the *National Economy League, Federal Relief—What Next?* New York, April, 1936, p. 19. Also *Idem*, *How to Balance the Federal Budget*. March, 1939, pp. 16-17.

The WPA and Federal Relief Policy

from drought and the depression during the early 1930's, it is noteworthy that in recent years—when federal relief has been more in vogue—former President Hoover on a number of occasions has staunchly extolled what little federal action was taken during his regime. In 1939, for example, he boasted that it was he who in 1930:

. . . announced the formation of a national organization for unemployment relief under Colonel Woods, stating at the time, "as a nation we must prevent hunger and cold to those of our people who are in honest difficulties." At that early stage in the depression at my recommendation Federal public works were doubled and other necessary organized relief was established. On February 3, 1931, on suggestion that these measures might prove inadequate, I stated, "I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country together with the local and State governments are unable to find resources with which to prevent hunger and suffering in my country, I will ask the aid of every resource of the Federal Government."

When with the deepening of the depression it became evident that support was necessary from the Federal Government, it was provided through large distribution of commodities to the States, and in 1932 the Reconstruction Finance Corporation upon my recommendation furnished large cash aid to the States. . . .¹

Approximately a year later in an address to the Republican National Convention, Mr. Hoover again boasted that "It was a Republican Administration in 1930 that first announced we cannot allow Americans to go hungry and cold from no fault of their own. We organized and prevented it."²

While there may be some differences of opinion as to how well hunger and cold were "prevented" during the early years of the depression, how adequate Mr. Hoover's relief program was,³ and how much longer he would have temporized with further timid proposals before initiating measures which were anywhere near adequate to the rapidly mounting need, his eagerness, in later years, to appear on the side of national responsibility for alleviating distress is unmistakable.

Looking back on those almost forgotten early years of the depression, one is impressed by the fact that there was not a wide divergence between Mr. Hoover's views and those expressed at

¹ Congressional Record, June 27, 1939, p. 7936. The aid furnished to the states by the RFC, it must be remembered, was, at the time at least, on a loan basis.

² As quoted in the New York Times, June 26, 1940.

³ See chap. 26.

The Broader Issues

the time by Franklin D. Roosevelt. During his first campaign for the presidency, for example, Mr. Roosevelt stated it to be his belief that:

. . . [the] primary duty rests on the community through local government and private agencies to take care of the relief of unemployment. . . .

I am very certain that the obligation extends beyond the States and to the Federal Government itself if and when it becomes apparent that States and communities are unable to take care of the necessary relief work.¹

Even as he was signing the Federal Emergency Relief Act of 1933, President Roosevelt declared:

The principle which I have on many occasions explained is that the first obligation is on the locality; if it is absolutely clear that the locality has done its utmost but that more must be done, then the State must do its utmost. Only then can the Federal Government add its contribution to those of the locality and the State.²

A month later, on June 14, 1933, in an address to the conference of relief administrators summoned to the White House, the President again restated in clear and forceful terms his interpretation of the role of the federal government:

It is essential that the States and local units of government do their fair share. They must not expect the Federal Government to finance more than a reasonable proportion of the total. . . .

This \$500,000,000 the Federal Government is putting up for relief . . . is only to be used where it is honestly shown that the localities have done everything they possibly can be asked to do, both through local and private charity and public appropriations, that the State governments have done everything they can possibly do.³

In keeping with these statements of policy announced by the President, the federal government's responsibility for relief under the program of the FERA was defined as "residual." It was premised upon the expectation that states and localities would do all in their power to meet their own needs.

In extenuation of the Hoover administration's failures it may be recalled that it lacked a realistic picture of how great was the nation's need and continued to hope that the states would aid localities in meeting what both Mr. Hoover and Mr. Roosevelt then agreed was primarily a local responsibility. Though meas-

¹ As quoted in the *New York Times*, October 14, 1932.

² *Ibid.*, May 13, 1933.

³ *Ibid.*, June 15, 1933.

The WPA and Federal Relief Policy

ures adopted by the Hoover administration were found to be inadequate there is no way of proving that any other administration might not have had to pass through essentially those same stages before adopting more comprehensive measures. Thus, the time-lag between the Hoover and Roosevelt administrations may account, to some degree at least, for some of the differences in their policies.

Although there is all but unanimous agreement with respect to the obligation on the part of the federal government to help meet the relief needs of the nation, it does not follow that there is equal unanimity on such questions as the proportion of relief costs the federal government should bear or the degree of administrative control it should exert.¹

¹ Considerations which have a bearing on these issues are presented in the succeeding chapters.

CHAPTER XXIX

"SPECIAL" FEDERAL RESPONSIBILITY FOR NEEDS ARISING FROM UNEMPLOYMENT

RELIEF POLICIES of the Roosevelt administration from the very first, but particularly since 1935, have been based on the assumption that, although the federal government had a certain degree of responsibility for needy unemployable persons, it had a peculiar responsibility for needy persons who were unemployed and presumably employable.

THE PRINCIPLE STATED

Upon signing the first federal relief act of his administration, President Roosevelt, in May, 1933, stressed the fact that the appropriation authorized by Congress was for "unemployment relief."¹ When Harry Hopkins spoke before the National Conference of Social Work in June, 1933, he explained:

. . . the intent of this act is that relief should be given to the heads of families who are out of work and whose dependency arises from the fact that they are out of work; single men and women who are out of work, and to transient families, as well as the transient men and women roaming about the country. Those are the persons for whom relief is intended. I am not going to hide behind the cloak of the intent of Congress as to what federal funds can be used for. It is my belief that the people who fought for this bill, who tried to get this money, were trying to get it for relief for the unemployed, and not for a number of other perfectly fine and worthy social objectives.²

One month later, regulations issued by the FERA prescribed that relief administered under the federal relief act was for "needy unemployed persons and/or their dependents."³

¹ See the *New York Times*, May 13, 1933.

² "The Developing National Program of Relief," in *Proceedings of the National Conference of Social Work*. University of Chicago Press, Chicago, 1933, pp. 65-66.

³ FERA, Rules and Regulations, No. 3. Government Printing Office, Washington, 1933, p. 2. In explanation of federal policy, Mr. Hopkins in April, 1934, wrote state relief administrators that "the emphasis of the FERA program is being placed upon work relief or subsistence activities for normally employable people. We feel, particularly now, that it is important that States and localities continue responsibility for various types of chronic cases and also continue and extend such services as pensions for widows, aged, etc.

"There has been some intimation that in a number of States many widows with

The WPA and Federal Relief Policy

Perhaps the most dramatic statement of this policy was that made by President Roosevelt himself, when, in January, 1935, he broached to Congress the plan for a vast work program. Of the 1.5 million family heads and single persons on relief who were believed to be "unemployable" the President said:

Such people, in the days before the great depression, were cared for by local efforts—by States, by counties, by towns, by cities, by churches and by private welfare agencies. It is my thought that in the future they must be cared for as they were before. . . .

Local responsibility can and will be resumed, for, after all, common sense tells us that the wealth necessary for this task existed and still exists in the local community, and the dictates of sound administration require that this responsibility be in the first instance a local one.¹

He promised that the security legislation then in prospect would help states and localities meet these responsibilities. The President then turned to a consideration of employable people on relief, of whom he estimated that there were 3,500,000. "With them," he declared, "the problem is different and the responsibility is different. This group was the victim of a nationwide depression caused by conditions which were not local, but national. The Federal government is the only governmental agency with sufficient power and credit to meet this situation. We have assumed this task and we shall not shrink from it in the future."²

THE PRINCIPLE BREAKS DOWN

Despite the administration's stand in 1933, relief officials soon found it almost impossible to deny relief to needy persons whose need could not be attributed directly to the nationwide depression. To have done so would have worked great hardship.

Though attempting to maintain the distinction between employable and unemployable persons, official rulings permitted the granting of federal relief even to unemployable persons provided they were thrown into need because of unemployment or the depression. These interpretations were wholly in line with federal law which permitted granting to states funds "to aid in

dependent children have gone over to the CWA or ERA rolls, either because more relief was granted than was available under the pension or because pensions were eliminated entirely."—FERA Administrative Order No. 6, April 4, 1934.

¹ As quoted in the *New York Times*, January 5, 1935.

² *Ibid.*

The Broader Issues

meeting the costs of furnishing relief and work relief and in relieving the hardship and suffering caused by unemployment. . . ."¹ Whether or not a person's need resulted from the causes specified was, of course, most difficult to prove. Although federal officials never attempted strictly to enforce their own ruling, various efforts were made during FERA days to maintain the doctrine of special federal responsibility for employable, and state and local responsibility for unemployable persons.²

Something of the extent to which unemployable persons were permitted to continue in receipt of unemployment relief is indicated by the numbers transferred from unemployment relief to old-age assistance and aid to dependent children rolls from time to time and by the fact that in January, 1935, when President Roosevelt proposed to Congress his plan for a work program there were among those already receiving what was supposed to be "unemployment" relief approximately 1.5 million unemployable persons who were either heads of families or single persons living alone.

THE PRINCIPLE IS GIVEN A NEW LEASE OF LIFE

When the report of the Committee on Economic Security was made public early in 1935 it was seen that the federal officials making up the Committee had (as might well have been expected) given their official blessing to the division of responsibility suggested by the President. The Committee recommended that:

As for the genuine unemployables—or near unemployables—we believe the sound policy is to return the responsibility for their care and guidance to the States. In making this recommendation we are not unmindful of the fact that the States differ greatly as regards wealth and income. We recognize

¹ Federal Emergency Relief Act of 1933, sec. 4(a). The previous law authorizing loans to states and cities for relief purposes was even more clearly intended to meet needs of all kinds since it prescribed that the loans might be used for "furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment."—Pub. No. 302 (H. R. 9642). 72d Congress. July 21, 1932, Title I, sec. 1(a).

² More serious efforts in this direction were made in some areas than in others. Late in 1934, for example, one FERA field representative announced that all unemployables on the relief rolls in five states (Alabama, Mississippi, Arkansas, Oklahoma, and Texas) under his jurisdiction were to be removed from the rolls. Such removal had already been effected in Louisiana some six months previously. In Massachusetts, where work relief was federalized in March, 1934, direct relief was administered by local authorities. This division of the field was essentially that applied to the country as a whole in 1935.

The WPA and Federal Relief Policy

that it would impose an impossible financial burden on many State and local governments if they were forced to assume the entire present relief costs. That, however, is not what we propose. We suggest that the Federal Government shall assume primary responsibility for providing work for those able and willing to work; also that it aid the States in giving pensions to the dependent aged and to families without breadwinners. We, likewise, contemplate the continued interest of the Federal Government for a considerable time to come in rural rehabilitation and other special problems beyond the capacity of any single State. With the Federal Government carrying so much of the burden for pure unemployment, the State and local governments we believe should resume responsibility for relief. The families that have always been partially or wholly dependent on others for support can best be assisted through the tried procedures of social case work, with its individualized treatment.¹

In making this proposal, the Committee failed to act upon the conclusions of its own Advisory Committee made up of a number of the nation's leading social workers and leaders in the public welfare field. This group had advised strongly against dividing responsibility in the relief field on the basis of the employability of those concerned. "The social hazards to which millions of persons and families are subjected," said the Advisory Committee, "are too varied and too complicated to make it safe to assume that work would remove the need."

"Health problems, the social and personal results of long continued unemployment, lack of adaptability to work available, and other problems," continued the Committee, made it "unsafe" to assume that a work program could provide for more than 50 to 60 per cent of the families then receiving relief. The Committee therefore recommended federal participation not only in old-age pensions and mothers' aid but also in general home assistance, care of homeless children and adults, and in other parts of a unified welfare program.²

In fearing dire results from division of responsibility on the basis of people's employability, the Advisory Committee was not alone. The Committee on Economic Security itself evidenced no little fear of what might happen to unemployable persons turned over to the mercies of state and local agencies. Nevertheless, the Committee made no specific recommendations for federal aid to help care for persons who were not eligible for the special types

¹ Report to the President. Government Printing Office, Washington, 1935, p. 44.

² Report of Special Committee on Employment and Relief Advisory to the President's Committee on Economic Security, December 4, 1934, p. 3.

The Broader Issues

of assistance proposed for the aged, the blind, or for dependent children. Neither did it suggest ways in which the federal government might help states and localities to meet responsibilities imposed upon them by failure of the federal government to establish the broad program of work assurance which had been recommended. Instead, the Committee was content to voice a number of pious hopes¹ which it did nothing to put into effect beyond urging that the federal government condition its grants-in-aid upon assurance that states make decent provision for unemployables needing aid.

Fears as to what might happen to needy persons turned over to state and local care were soon confirmed by reports of suffering and hardship first in one place and then another as the transfer was effected.²

While many criticized the administration's policy, others acclaimed it. Among the latter group was the United States Conference of Mayors, which even claimed credit (or responsibility—depending upon one's point of view) for suggesting to the President in September, 1934, what they termed a "new approach to the relief and welfare responsibilities of the Nation and of the cities, counties and States." Specifically, they had proposed that:

The unemployed . . . be divided, for the purpose of fixing the responsibility of their care, into two classes: Those people able to work, but unable to find employment, and those mentally, physically, or otherwise unfit for regular gainful employment. The latter eventually again must become the charges of the State and local communities (except men disabled in the military, or naval service, which always have been a Federal responsibility). The permanently involuntary unemployed, by reason of changed conditions, must be cared for in an established system, supervised by the Federal government.³

¹ Notable among these were the hopes that "the people who . . . need relief shall be given humane and intelligent care"; that gains in relief administration made under the stimulus of federal grants might not be lost; that state and local relief might be administered "on a much higher plane than that of the old poor laws"; that the states might substitute for their "ancient, outmoded poor laws . . . modernized public assistance laws"; that states would replace their "uncentralized poor-law administrations with unified, efficient State and local public-welfare departments"; and finally, that the federal government would insist "as a condition of any grants in aid that standard relief practice shall be used and that the States who receive Federal moneys, preserve the gains that have been made, in the care and treatment of the 'unemployables.'"—Report to the President, pp. 44, 45.

² For further discussion of these reports see chap. 3.

³ Congressional Record, February 18, 1935, p. 2105.

The WPA and Federal Relief Policy

CONSIDERATIONS ADVANCED IN SUPPORT OF "SPECIAL" RESPONSIBILITY FOR THE UNEMPLOYED

In support of the principle of special responsibility for need arising from unemployment, it is frequently urged that this is proper because of the national nature of the underlying problem of unemployment, because an effective solution of this problem must be nationwide in its scope, and because this division of responsibility is necessary to compel states and localities to bear their fair share of the entire relief burden.

National Character of the Problem

Wherever the idea of dividing responsibility on the "employable-unemployable" basis may have originated, administration leaders have reiterated again and again that the principal reason for this policy was the national character of unemployment and what they called the "peculiarly local flavor" of other relief needs. Mr. Hopkins, for example, declared in 1935 :

The Federal Government, through the Works Program, has recognized that the problem created by unemployment is primarily national. On the other hand, local and State financial responsibility for the unemployables [such as the aged, the physically handicapped, and dependent children] is based on the obvious local character of this aspect of relief needs.

. . . the Federal Government assumes the responsibility for employable persons whose need is caused by the national problem of unemployment.¹

To observers less devoted to and less closely identified with the nation's current relief policy, the logic by which needs of unemployable persons suffering from physical handicaps, loss of breadwinner, bank failures, stock-market losses, sickness, industrial accidents, industrial senescence, broken homes, family desertion, or a thousand other causes were said to have a peculiar "local character" was something less than compelling. To many, these problems appeared to be no less national in character than unemployment, and appeared to be as little affected by township, county, or state lines.

Although it may be doubted whether unemployment is any more national in character than are other factors which give rise to human needs, it can hardly be questioned (a) that unemployment results from causes which are nationwide (and even

¹ WPA Release 4-278, August 29, 1935.

The Broader Issues

worldwide) in scope, or (b) that its abolition depends upon national if not international action.

The first of these considerations has long been advanced as a reason for participation in relief administration by the federal government,¹ and figured prominently in the Supreme Court's decision on the constitutionality of the old-age benefits title of the Social Security Act. In this opinion the Court declared:

The purge of nation-wide calamity that began in 1929 has taught us many lessons. Not the least is the solidarity of interests that may once have seemed to be divided. Unemployment spreads from State to State, the hinterland now settled that in pioneer days gave an avenue of escape. . . . Spreading from State to State, unemployment is an ill not particular but general, which may be checked, if Congress so determines, by the resources of the Nation. . . .

The problem is plainly national in area and dimensions. . . . Only a power that is national can serve the interests of all.²

¹ The Advisory Council to the Committee on Economic Security, in 1934, for example, declared: "American economic society is national in nature. It is not organized according to geographical or political subdivisions. Industries reach across States, sections, and even the continent. In this economic society labor is mobile. Workers move from industry to industry, from State to State, from an industry in one State to the same industry in another State, and from an industry in one State to a different industry in another State. In a society of fluid capital, migratory industries, shifting labor markets, seasonal, technological, and cyclical forces, unemployment is a social hazard of our dynamic industrial life.

"Unemployment is, thus, a problem of industry and the Nation. . . ."—U. S. Senate Committee on Finance (Hearings on S. 1130), Economic Security Act, 74th Congress, 1st Session. Government Printing Office, Washington, 1935, p. 335.

² *Helvering et al. v. Davis*, 301 U. S. 619, 641, 644; 109 A. L. R. 1319. While this decision clearly supports national responsibility for needs arising from unemployment, it appears to give equal support to the nation's responsibility for those who are unable to work because of "the disabilities of age" or for those who are in need of "rescue . . . irrespective of cause."

Illustrating concretely how happenings in one part of the country can harm workers in another, Nels Anderson, director of the Section on Labor Relations of the WPA in 1938 described a worker "with more than average intelligence and integrity," who lived in Mississippi. He found a job in Louisiana, but was "laid off, for reasons that had nothing to do with his work or local conditions," the layoff order coming from New York City "because of a strike in Detroit." Finding himself on the sidewalk, this man's resources dwindled. Not wanting to go on relief, he eventually found a job with the WPA. Had he sought relief instead, he would have been rejected since there was none in Louisiana. Even if there had been, he would have been ineligible because of his short residence there. But, had he returned to his home in Mississippi, he would still have been unsuccessful for there only the aged were eligible for public aid. Because of the intricate interrelatedness of our economic life, proposals to decrease federal responsibility for unemployment relief, insists Mr. Anderson, "hark back to the days when men were bound to their masters, and the two were expected to share their fortunes. . . . The master and the man are now separated. The master has moved to another state and the jobless man languishes in the local community."—WPA Release 4-1757, September 8, 1938.

The WPA and Federal Relief Policy

With the entry of the United States into World War II this argument that the causes of unemployment are national in character took on a new cogency. The power of the federal government to create unemployment through rulings on priorities of either materials or labor; through change-overs from peacetime to war production; and through giving war orders or facilitating industrial expansion in one area instead of another, might well be thought to give the federal government new responsibilities for need arising from its own acts. Nor is it likely that the cessation of war will automatically end responsibilities of this kind.

As late as 1934—some fifteen years after World War I—the British Minister of Labour, while speaking in defense of the government's Unemployment Bill by which the national government proposed to assume responsibility for unemployment assistance, declared:

Certain industries are still suffering from wartime expansion in excess of normal peace time requirements. . . . As a direct result of the war, there was an . . . artificial stimulus of production in certain industries, and a movement of population from one district to another to satisfy demands which were made upon us. Other industries . . . have suffered since the war a very large loss of their overseas markets. . . . If, therefore, unemployment is due to something which is quite without the control of the locality . . . then there is every reason why its victims should be treated nationally.¹

If the same philosophy prevails in this country, it is likely that, for a long time to come, the federal government will have to assume responsibility for needs and industrial dislocations resulting from World War II.

Canada, no less than the United States and Great Britain, has seen considerable agitation for nationalizing responsibility of unemployment relief on the ground that the problem is national, and indeed international, in scope. Of this the Royal Commission on Dominion-Provincial Relations reported:

Mass unemployment in Canada, as in the past ten years, is largely the result of depression or economic changes abroad which are communicated to this country through the fall in export prices and demand. In the integrated and interdependent Canadian economy, the volume of capital investment largely depends on the anticipation of an export market, and the export income determines the size of the internal market for manufactured goods. A rapid decline in export incomes produces a sharp contraction in

¹ Great Britain, House of Commons, Parliamentary Debates, 1933-1934, vol. 283, p. 1090.

The Broader Issues

construction activity and in industrial output thus creating a nation-wide problem of unemployment. . . .

The high degree of interdependence between country and town, between the primary and secondary occupations, between the exporting and domestic industries, is one of the most significant facts of our economic life. . . . Now that the economic structure of the country is fundamentally national with respect to the attainment of economic welfare and opportunities for employment, it can no longer be compartmentalized for the purposes of meeting the costs of widespread destitution and unemployment—except at the price of financial chaos and enormous waste.

The extent of the unemployment in any industry or area has virtually no relation to purely local conditions. The local municipality or province can do practically nothing to ameliorate the problem nor to hasten its disappearance.¹

The Cure Must Be National

Stating the case in favor of the federal government's assuming special responsibilities for need arising from unemployment because remedies for unemployment must be at least nationwide in scope, Howard Hunter once declared, "There is no local community in America today which can do *anything* about unemployment."² An equally emphatic, if somewhat less sweeping, observation is that of Mordecai Ezekiel, noted economist of the Department of Agriculture. One cause of failure of the National Recovery Act, he writes, was that it "provided merely a series of single-industry plans, without interindustry coordination, and with no provision or means for concerted expansion." Thus, he concludes, if planning to provide jobs for all is to be fully effective, "it must be planning on an industry-wide scale."³

¹ Book II, Recommendations. [J. O. Patenaude], Ottawa, n.d., p. 23.

² WPA Release 4-1957, May 15, 1939. A strikingly dissimilar view has been expressed by Walter D. Fuller, president of the Curtis Publishing Company, and one-time president of the National Association of Manufacturers, who declared: ". . . relief and unemployment are not national but local problems, requiring local knowledge of the situation, local experience and local application of our intelligence."—"Relief—A Local Problem," in *State Government*, vol. 13, no. 1, January, 1940, p. 9.

³ *Jobs for All: Through Industrial Expansion*. Alfred A. Knopf, Inc., New York, 1939, pp. 206-207, 208, 211. To illustrate his thesis, Mr. Ezekiel quotes a high railroad executive as saying: "If industry were running at full production, we would have plenty of freight to haul. We could reduce our freight rates to reasonable levels. We could pay higher wages. We would have jobs for more men. We'd make good profits at the same time. Those are things we could easily do if the whole country could keep running at the 1929 level, or higher. But if we reduced freight rates by ourselves, that won't do the job. Lower freight rates alone won't make the auto factories, the steel plants, the lumber mills, and the cement and gravel plants run at full capacity. If we cut rates by ourselves, our traffic would go up little if at all, and we'd be in even worse shape than we now are."

The WPA and Federal Relief Policy

Again, as in so many other respects, Canadian experience has brought serious students of the problem to much the same point of view as that held by observers in the United States. For example, the Canadian Royal Commission which has been alluded to several times already, reported that :

Perhaps the most serious indictment of the whole system of handling relief is that it has prevented the concentration of responsibility for remedial policies. The underlying assumptions were that, in the first place, relief was essentially a municipal and, in the second place, a provincial responsibility, and that the Dominion was assisting other governments only as a matter of grace. Yet it was obvious that the municipalities were quite unable to take effective remedial action because of limited resources and lack of control of economic activities. . . . The provinces were little more able to take effective action. Virtually the only methods available to them were those of public works and land settlement. Yet both types of policy were highly costly and neither policy, nor both together, could take care of large numbers of the unemployed. Those provinces which attempted either policy on an extensive scale soon found their credit resources badly strained. . . . The principal difficulty has been that many Dominion schemes required co-operation from the provinces and municipalities, and usually proportionate contributions from them. On occasion the views of provincial governments as to the proper remedial policies differed from those of the Dominion, and co-operation was not forthcoming. In all cases where Dominion remedial policies required contributions from the provinces or municipalities the effect was to increase their immediate financial burden, a condition which frequently deterred them from co-operation. Thus co-operation between the Dominion and other governments was often absent and frequently the Dominion and the provinces worked at cross purposes. . . .

It is not suggested that it is within the powers of government to do away with depressions, particularly in a country like Canada which is so largely dependent upon foreign markets, but governments can do a great deal to minimize the huge losses in national income. The planning of public works and developmental expenditures, an intelligent and co-ordinated use of credit, foreign exchange, trade, transportation and taxation policies are powerful instruments with which to combat unemployment and to reduce fluctuations in income. The Dominion is the only government which can use these instruments effectively. So long as the responsibility for unemployment rests with the nine provinces (and their creatures, the municipalities) which may follow different and conflicting budgetary, taxation, development, and public works policies, Canada will be unable to eliminate the avoidable economic wastes and social consequences of mass unemployment.¹

Since federal action is regarded as indispensable to the liquidation of unemployment, it is frequently held that the federal government should bear most if not all the cost of providing for

¹ Book II, Recommendations. [J. O. Patenaude], Ottawa, n.d., pp. 22, 24.

The Broader Issues

those who fall into need because they have no jobs. Only thus, it is argued, can Congress be brought to realize the urgency of doing enough to eliminate the real source of trouble. This view was expressed early in the depression by a group of nationally known social workers and public welfare officials who declared: "It is only when Congress recognizes its direct responsibility for unemployment relief that it will be ready to adopt other and more constructive methods of dealing with the problem."¹

This same point of view was emphasized in 1939 by the Canadian Royal Commission on Dominion-Provincial Relations which reported: "If the Dominion assumes full responsibility for relief of employables, it should have much stronger incentive than under the present system of divided financial responsibilities to adopt vigorous remedial policies to prevent unemployment from arising. . . ."²

"Special" Responsibility for the Unemployed as a Means of Compelling States and Localities to Carry Larger Responsibilities

Although official statements of the administration's policy of assuming special responsibility for needs arising from unemployment have usually emphasized such factors as have already been presented, there is strong indication that at least one further consideration lay behind the decision to adopt the policy which has been followed since 1935. This was clearly indicated in testimony presented to a Senate Committee by Harry Hopkins in 1936.

"One of the reasons why the Government got out of the direct-relief business," he explained, "was because we believed in some cases the States were not bearing their fair share of this burden, and this was a method to assure that in certain sections, so far as this whole relief field was concerned, that the States particularly and the local communities, would provide their fair share of this burden."³ Thus, it appears that the current national relief policy

¹ U. S. Senate Committee on Manufactures (Hearings on S. 5125), Federal Aid for Unemployment Relief. 72d Congress, 2d Session. 1933, Part I, pp. 31-32.

² Book II, Recommendations. [J. O. Patenaude], Ottawa, n.d., p. 27.

³ U. S. Senate Committee on Appropriations (Hearings on H.R. 12624), First Deficiency Appropriation Bill for 1936. 74th Congress, 2d Session. 1936, p. 53. Paul Webbink, one-time FERA official, has written that the 1935 attempt to distinguish between employable and unemployable relief cases is attributable in part to "the search of federal relief officials for some tenable formula by which a portion of the

The WPA and Federal Relief Policy

was motivated at least in part by the failure of legislative and administrative devices to secure from states and localities what were regarded as fair contributions toward the cost of the entire relief program.¹

That difficulties of this kind should have been encountered by the FERA is understandable enough in view of a serious defect in the legislation under which that agency operated: the FERA had no legal basis for compelling states or localities to contribute any particular amounts or proportions toward the cost of emergency relief. Furthermore, the immediate emergency had to be met, and advance planning was often impossible. Since the FERA was so seriously handicapped by the various obstacles confronting it, there seems to be ample room for questioning whether the administrative problem of getting states to do their fair share in maintaining relief programs—which appears to have contributed to the new division of responsibility effected in 1935—might not have been solved without recourse to so drastic a step as abandonment by the federal government of an area of need in which it had previously functioned.

Withdrawal of the federal government from the scene left needy people without a champion to urge states and localities to contribute to the cost of such relief as might be needed; there remained no responsible governmental agency to call attention to general relief needs and to urge states and localities to contribute to the cost of such general relief as might be needed. In many states this lack of a responsible agency has resulted in suffering on the part of people whose needs are inadequately met and for whom the federal government no longer goes to bat. And, if controversies with subsidiary units of government were indeed a primary reason for the change, they were not, in fact, successfully avoided. In no time at all, the WPA was embroiled with state and local governments on two new fronts—the vexed question of sponsors' "contributions" to the cost of projects and, secondly, the ever-perplexing question of how many jobs should

relief costs in the Southern states which had since 1932 been defrayed almost entirely by the federal government, could be forced back upon the states and localities."—"Unemployment in the United States, 1930-1940," in the *American Economic Review*, vol. 30, no. 5, February, 1941, p. 269.

¹ See *Federal Aid for Relief*, by Edward A. Williams. Columbia University Press, New York, 1939. The files of the FERA, according to this report, "attest to the constant and at times embittered discussions which took place between . . . [the FERA] and states which it conceived to be 'lying down on the job.'"—p. 171.

The Broader Issues

be provided in a given state or local subdivision.¹ Thus, difficulties encountered by the federal government in getting local and state governments to carry a fair share of the burden were solved by the federal government's arbitrarily deciding what part of the burden it would bear, leaving all needy people not provided for in this way to their own devices or to the mercy of state and local authorities.

OPPOSITION TO THE PRINCIPLE OF "SPECIAL" RESPONSIBILITY

Like most other aspects of federal relief policy, the doctrine of "special" federal responsibility for unemployed persons has been attacked as bitterly as it has been warmly defended. Attacks upon this principle are usually based upon three contentions: first, that to distinguish between persons who are employable and those who are unemployable is frequently so difficult that it offers no sound basis for any division of responsibility between governmental agencies; second, that to class persons as unemployable—an inevitable concomitant, unfortunately, of dividing responsibility on the basis of employability—is cruel; and, third, that to give to employable persons provided for by the federal government more liberal treatment than is given to other classes of needy persons, is unfair.

To distinguish between an employable person and one who is unemployable is, admittedly, frequently quite difficult. Whether it is, as some critics aver, so difficult as to make this an impracticable basis for dividing up responsibility in the relief field is not clear. Difficult though they may be to make, distinctions between "employable" and "unemployable" persons are being made every day—by employers who turn down as unadaptable to their needs workers applying at their gates; by workmen's compensation authorities who rule not only on whether a man is disabled or physically fit, unemployable or employable, but also on varying degrees of disability or employability; and finally, by officials administering unemployment compensation benefits which are available only to workers who are unemployed and employable, and are therefore denied to workers who may be temporarily or permanently incapacitated for work.

One important factor frequently overlooked by those who

¹ See chaps. 5, 24, and 25.

The WPA and Federal Relief Policy

think experience under the WPA program teaches that, in the division of responsibility for relief administration, it is impossible to rely upon differentiating between employable and unemployable persons, is that difficulties encountered during the past several years have been greatly aggravated by the vast disparities in the quality and extent of services and assistance available to the one group as opposed to the other. To declare a man employable sometimes meant depriving him of all practicable hope of effective aid. Sometimes, to be declared unemployable was tantamount to being robbed of hope for assistance of any kind.

Typical of the grave consequences resulting from being caught between two fires are those revealed in the report of a survey of relief administration in the District of Columbia in 1938. This declares:

No more graphic illustration of the inadequacy of the present relief funds is possible than the picturization of this tragic group caught in the marginal zone between two nonmeshing welfare programs. Refused on one hand because of employability and on the other for unemployability, the consequences cannot fail to induce a sense of utter futility and frustration on the part of these families.¹

Hardships imposed upon needy people are often attributable to discrepancies in standards used by different agencies in determining employability. In one southern state, for example, relief normally has been denied not only to the families of those who were employable but also to families of those who were "able-bodied." Thus, many able-bodied persons who were ineligible for relief also found themselves ineligible for WPA employment since to be able-bodied did not necessarily mean that they could be employed by the WPA.

According to an official report of the Department of Public Welfare in Louisville, Kentucky, many applicants have been refused direct relief in that city because of their ability to do light work. However, since the number of WPA projects on which light-work employes could be assigned was extremely limited this meant that a person might be ineligible for both direct relief and work relief because he could do only a limited type of work. In view of results like these, can one wonder that decisions affecting such vital issues may sometimes have turned on something less

¹ Report of Investigation of Public Relief in the District of Columbia. Washington, December, 1938, Part III, vol. 3, p. 9.

The Broader Issues

than completely objective analysis of a person's employability?

A further factor that has complicated decisions regarding employability has been that, in the absence of a broad integrated relief program, one agency might, by declaring a worker employable or unemployable, be able to escape and, at the same time, to saddle upon some other agency the responsibility for assisting him. The obvious remedy for difficulties arising from this cause, of course, would be for the federal government at least to share the cost of caring for unemployable persons. This would place less of a premium upon classifying people in such a way as to escape responsibility for their care.

If there were established a broad program to provide assistance for any kind of person regardless of the cause of his need, and if, instead of each going its own way, the various social agencies (notably the WPA, relief agencies, public employment offices, and vocational training centers) concerned with meeting human needs agreed to pool their resources and to co-operate in "doubtful" cases, practically all difficulties of the kind experienced over the past few years could undoubtedly be eliminated.¹

Already relief agencies responsible for aiding needy employable persons have resorted to a number of different devices to avoid, if possible, inflicting undue hardship upon needy persons rejected by the WPA as unemployable. The California State Relief Administration, for example, ruled (in 1938) that persons not deemed employable by the WPA were not to be automatically rejected for unemployment relief since "WPA standards of employability vary in different counties and even from time to time in the same county."²

Abandonment of attempts of the federal government to provide a special form of assistance to employable persons has sometimes been urged on the ground that an inevitable concomitant of this policy is to "brand as unemployable" those who cannot qualify for the services provided. Former Governor Landon of Kansas, for example, once declared: "That is a terrible thing—

¹ Any provision that might be made for the co-operative classification of persons as to employability would, of necessity, have to be sufficiently flexible to permit such reviews as might be needed because of changing circumstances and the successes of the "unemployables" who confound the experts (as they are forever doing) by finding—and holding—jobs.

² California State Relief Administration, Manual. [Los Angeles], Interpretation no. 3, chap. 1, sec. C, June 8, 1938.

The WPA and Federal Relief Policy

arbitrary drawing of the line and branding a man as unemployable. That does something to that fellow.”¹ More recently, C. M. Bookman, nationally known social worker, has declared that among his objections to federal relief policy was that it resulted in “classifying the unemployed as ‘employable’ and ‘unemployable,’ killing what little hope is left in the hearts of thousands of men that some day they may be once again independent workers providing for their own families.”²

Evidence that there is some validity to criticism of this type—under conditions existing at the time at least—is available from a 1936 report of the Nassau County (New York) Emergency Relief Bureau which declared:

The separation of the relief families into two groups—the employables and the unemployables—has had harmful effects. Some of those returned to the relief rolls with the stamp of being unemployable, given them in cursory fashion, are taking advantage of the fact that they have been officially designated as unable to work any longer and even though many of them can work, it has been very difficult for the Bureau to stimulate them to find employment again. Others, who have always worked in the past and who will work again, by receiving the designation of unemployable have suffered an additional blow to morale. They always have been aware of their handicaps and have risen above them but now to have it said that they are unfit to hold even a made job with the government has been a difficult blow to accept.³

While it may be admitted that it is “cruel” to relegate unemployable persons to the poorly co-ordinated and meager services available to them in many areas, it does not follow that those who are in fact employable should be denied the types of assistance considered most appropriate for *them*. It might be just as truly argued that it would be “cruel” to employable persons to provide for them only such services as could properly be made available to “unemployables” as well.⁴ The better course would be to improve the kinds of services available to the latter rather than to dilute the quality of service to the former.

Contentions that the very process of labeling a man as “unemployable” is “cruel” assume, of course, that it is not so much a

¹ As quoted in the New York Times, May 20, 1938.

² “The Essentials of an Adequate Relief Program,” in Proceedings of the National Conference of Social Work. Columbia University Press, New York, 1940, p. 173.

³ Nassau County Emergency Relief Bureau, Report of Activities for the Period July 1, 1935 to June 30, 1936. Mineola, L. I., New York, 1936, p. 14.

⁴ The importance of providing work for employable persons is discussed in some detail in chaps. 32 and 33.

The Broader Issues

person's *situation* as the act of *classifying him* that is detrimental. In reality, however, it is highly doubtful whether a man's morale could long be preserved merely by labeling him "employable" if, because of his age, physical condition, or other considerations he were consistently denied private employment and could not hold his own even on a job provided under a public work program. To expect that a man's morale could be preserved by not classing him as unemployable—or even by calling him employable when the bulk of his every-day experiences points to the opposite conclusion—would be like expecting a tuberculosis victim not to run a temperature simply because he is not told of his affliction.

Furthermore, distress and discouragement commonly felt as a result of being classed as unemployable may be attributable not so much to this fact as to despair over the lack of broad and well-co-ordinated assistance measures and rehabilitation programs to which those needing such services could turn for help in overcoming any remediable difficulties that might be responsible for their unemployability.

It is claimed that in addition to the administrative difficulties involved, assumption by the federal government of "special" responsibility for employable persons results in unjustifiably larger benefits to and preferential treatment of this group, thus establishing among the nation's needy a socially indefensible "hierarchy." The reply usually made to this criticism¹ is that such differences in treatment should be remedied not by lowering the standard of service accorded the "favored" groups, but by raising them for those who have hitherto been denied the aid they needed.

"SPECIAL" RESPONSIBILITY IN OPERATION

By contrast with provisions of the Social Security Act which was under consideration at the time the "new approach" was inaugurated in 1935 (and which imposed upon the federal government consistent, predictable, and clearly defined responsibilities for certain types of unemployable persons, such as the aged, the blind, and dependent children) the "special" responsibility the federal government claims to have for employable needy persons has been fitful and unpredictable.² Instead of imposing upon the

¹ As shown in some detail in chap. 7.

² See chap. 23.

The WPA and Federal Relief Policy

federal government any consistent proportion of relief costs, the peculiar type of responsibility acknowledged by the federal government for unemployed workers has, from time to time, permitted Congress arbitrarily to say what proportion of the need shall be met and what left unmet. It has also permitted Congress more or less arbitrarily to disclaim responsibility for certain types of needy employable persons, and to thrust back upon states and localities the responsibility for relieving them. Among the most serious limitations upon the degree of federal responsibility for relief to employable persons may be noted the unyielding insistence from Washington upon a work program exclusively.

Despite the "special" responsibility the federal government has assumed for needs arising from unemployment it has not hesitated precipitately to change its course on practically any policy without reference to what states or localities can or will do to care for those for whom it suddenly relinquishes responsibility. The net result of congressional plus administrative action, therefore, has been that federal responsibility for needy employable persons (unlike that assumed under the Social Security Act for needy unemployable persons) is not only fitful and unpredictable but strictly unilateral.¹

Although less has been said in later years about the obligation of state and local governments to do their share in carrying the total relief load, the unilateral and vacillating nature of responsibility the federal government has from year to year accepted in regard to unemployment relief has, in effect, loaded upon states and localities the burden of caring for all those the federal government chose not to aid. When other governmental units followed suit and, like the federal government, refused to assume these responsibilities, the inevitable result was to "take it out of the hides of the unemployed."²

The limited nature of the liability assumed by the federal government for unemployment relief needs is clearly apparent in various official statements of the role of the WPA. These sometimes refer to the WPA as *a* resource or as *one* of several resources available to needy unemployed workers. According to one official memorandum, local relief officials were expected "at all times" to remember that the WPA program was "only one re-

¹ For discussion of difficulties arising from this fact see chap. 25.

² See chap. 3.

The Broader Issues

source for meeting the needs of the unemployed . . . ” Should the WPA be unable to assist in meeting a particular problem, continued the memorandum, relief authorities were expected “to develop other resources or to give an interpretation to the client if no resources are available.”¹

Unfortunately for those uncounted thousands of potential workers for whom WPA jobs have not been available and particularly for those to whom some well-meaning social worker had to “interpret” the harsh fact that there were no other resources available, federal responsibility toward needy employable persons has fallen far short of what was expected when President Roosevelt declared that the federal government was the only governmental agency “with sufficient power and credit to meet this situation”; that “we have assumed this task”; and that “we shall not shrink from it in the future.”²

¹ Georgia FERA, Release No. 7311, October 9, 1936.

² As quoted in the New York Times, January 5, 1935.

CHAPTER XXX

FEDERAL VERSUS STATE AND LOCAL FINANCING AND CONTROL

IN SHARP CONTRAST with the situation prevailing in 1932, the necessity for at least some degree of federal responsibility for relief needs had by 1942 won the all but unanimous support of the American people. There still remained, nevertheless, many knotty questions: How far should this principle be carried? How much of the costs of relief and employment should the federal government bear? How much administrative control should it exercise? What justification was there for assuming relatively heavy responsibilities for one kind of program, like that of the WPA, and washing its hands of others, such as that for general relief?

THE CASE FOR FEDERAL CONTROL OVER A WORK PROGRAM

To the question of how much responsibility the federal government should assume for various types of public welfare programs, there is no easy answer. All that is attempted in this chapter and the next, therefore, is an enumeration of various considerations that need to be taken into account in any attempt to say how far the federal government should go in financing and controlling a program like that of the WPA. Upon the weight given to one as opposed to another of these factors will depend the answer to the problem at hand. Various arguments offered by supporters of one side, interestingly enough, have also been advanced by protagonists in the opposite camp in favor of their position.

Before embarking upon this discussion it may not be amiss to point out that the many difficulties militating against effective administration of relief measures have undoubtedly contributed to the ever-recurring interest in giving some new authority a chance to try its hand. Dissatisfactions over the way relief has been administered have not usually been analyzed in terms of fundamental causes, but have sometimes been attributed both in this

The Broader Issues

country and in Great Britain to the fact that the service in question was administered by a national instead of a local authority or by a local instead of a national body—depending upon which was administering it at the time. Facile changes of administrative responsibility, however, frequently leave untouched deeper causes of dissatisfaction which go far beyond the immediate question.

Experience with the Grant System During FERA Days

Opposition on the part of federal authorities to administering the WPA program on a grant-in-aid basis (as is often suggested) is attributable in no small measure to their unsatisfactory experience with grants to states during the FERA days. Howard Hunter, for example, once declared:

As for grants-in-aid to the States for relief, the present administration, for 2½ years, practiced that system. And it simply did not work well. It worked badly because of the wide variety of standards of relief and administration. . . .

. . . the grant-in-aid system for public highways has worked well for many years. But the unemployed are not highways and you can't talk with engineering accuracy about the unemployment problem in any State or locality as you can about a highway. No grant-in-aid scheme can be made flexible enough, or be made to work fast enough, to take care of the relief of the unemployed.¹

However sorry the experience under the FERA may have been, it is important to distinguish between flaws in the grant-in-aid principle as such and the defects in the specific law underlying the FERA program. Inaugurated as it was in times of great stress, flexibility and quick action were of prime importance. Both were permitted by law. FERA officials were given complete discretion in parceling out federal funds; states were not required to contribute any specified proportion of relief costs. As could have been expected, allocation of funds to states developed into a vast poker game. On the one hand state needs were sometimes exaggerated because it was known that amounts requested would be scaled down. On the other hand, allocations of federal funds were sometimes reduced or withheld to compel states to assume larger financial responsibilities.² That methods like these should

¹ Congressional Record, Appendix, May 22, 1939, p. 2120.

² Something of the nature of the highly discretionary power given FERA officials over this all-important fund-distributing process is indicated by Edward A. Williams, a member of the FERA staff during those hectic days. He writes:

"In making his decision, the Assistant Administrator [who was in charge of

The WPA and Federal Relief Policy

have been the cause of chronic administrative headaches and have drawn sharp criticism as being too subject to political and personal considerations was only to be expected.¹

Perplexing as its financial problems were, the FERA's life was still further harassed by its lack of authority effectively to control relief standards or methods of state and local administration. There was no provision, such as that subsequently written into the Social Security Act, prescribing that federal funds could be granted only to states submitting plans conforming to specified legal requirements and meeting the approval of the responsible federal authority. Apart from persuasion, the FERA's only alternatives, when state administration fell too far below expected standards, were to withhold federal funds altogether or to take over relief administration in the offending state. This latter power, given to the FERA in May, 1933, was within twenty-four months exercised in six states.² Threats of withholding federal funds, on the other hand, were more common, being relied upon as a lever to improve standards of relief or to compel larger contributions by state and local governments.³

Added to all these difficulties was the expectation that the entire

relations with the states and who was, in the main, responsible for saying how much was to be granted each state] was influenced to some extent by the comments of the various divisions of the F.E.R.A. . . . which reviewed the state applications and supporting papers. In the last analysis, however, the Assistant Administrator relied most heavily upon the opinions of the field representatives and his own personal contacts with the states. This was inevitable. The governors' applications and the supporting statements and briefs merely served to give the states' views concerning their need for federal assistance. The F.E.R.A. soon learned to take these applications with a grain of salt. . . .

"The Assistant Administrator . . . often made field trips to various states. In making recommendations for grants for certain states he could therefore often rely on his own personal observations and the interviews he had had with persons familiar with local relief conditions. . . ."—*Federal Aid for Relief*. Columbia University Press, New York, 1939, pp. 198-199.

Even after the development of complex formulas to guide in making allocations of funds in 1935, these were regarded only as "approximations" which had to be modified by "more 'subjective' judgments." As a result, writes Mr. Williams, state allotments throughout 1935 continued to rest "heavily on the observations of field representatives, the general information gathered by the Assistant Administrator in charge of relations with states, and the views of the Administrator."—*Ibid.*, p. 215.

¹ For one statement of these criticisms, see Edith Abbott's review of Harry L. Hopkins' book, *Spending to Save: The Complete Story of Relief*, in the *Social Service Review*, vol. 10, no. 4, December, 1936, pp. 685-686.

² Massachusetts, Ohio, North Dakota, Georgia, Louisiana, and Oklahoma.

³ Of this, Mr. Williams writes: "The federal agency . . . was extremely reluctant to withhold funds, primarily because the use of this sanction fell with the greatest force upon those in need of relief."—*Federal Aid for Relief*, p. 170.

The Broader Issues

FERA program would be short-lived. It was therefore administered only on a month-to-month basis. This precluded advance planning on the part of federal officials no less than on that of state and local authorities. It precluded, too, establishment of effective federal-state relationships.

In view of the many handicaps under which the FERA program operated and of innumerable administrative problems encountered, it is not surprising that those engaged in its administration have become wary of the validity of the grant-in-aid principle. Still, FERA experience in itself cannot fairly be regarded as conclusive evidence that the principle, given a better legal basis, cannot be applied to the administration of either a work relief or a public employment program.

Just as it is important, in discussions of federal versus state and local control, to make due allowance for shortcomings of the grants-to-states policy applied to the FERA program, it is no less important frankly to face genuine difficulties encountered in administering grant-in-aid programs even under the relatively favorable conditions obtaining under the Social Security Act. This is something proponents of grants-in-aid for work relief frequently overlook.

There is, first of all, great diversity in standards of assistance granted in the several states.¹ Then, too, there are wide differences in standards of personnel and administration in one state as opposed to another. True, the Social Security Board may, when other efforts fail, threaten to withhold or actually withhold federal funds in an effort to compel a state to adhere to its plan as approved. This is an extreme step, however, and one that is taken only as a last resort by the Social Security Board, as by the earlier FERA.² This reluctance is not necessarily evidence of weakness, but rather of concern for those to whom the withholding of fed-

¹ See, for example, Table 15. This diversity in the size of average benefits cannot, however, be attributed to the grant-in-aid principle alone, since it might be possible (as the Social Security Board proposes) to achieve greater uniformity by modifying the basis on which grants are made to states. See, for example, Social Security Board, Sixth Annual Report, 1941. Government Printing Office, Washington, pp. 21-22.

² After an intensive study of the administration of old-age assistance, made under auspices of the Social Science Research Council, it was reported that the Social Security Board "has been hesitant to take the drastic step of complete withdrawal of federal funds . . . both because this action is likely to cause suffering among the dependent aged . . . and because it marks the failure of a cooperative administrative effort."—Lansdale, Robert T., and others, *The Administration of Old Age Assistance*. Public Administration Service, Chicago, 1939, p. 13.

The WPA and Federal Relief Policy

eral funds might mean serious deprivation. It is because of this fact that V. O. Key, Jr., after his wide study of grants-in-aid, could write:

There is often ascribed to the power to withhold federal funds a potency which it does not in reality possess. Its use is practically limited to a narrow range of situations. . . . It is primarily the large political issues—the failure of the legislature to grant proper powers or adequate appropriations to the state agency, the machinations of a corrupt political machine, the spoils raids of the ordinary political organization—that bring about the exercise of the power. Drastic measures can be justified only when the transgressions have been gross. The power is of little avail in the correction of the weaknesses of an unimaginative, half-hearted, self-satisfied, incompetent state agency which commits no spectacular offenses and exhibits a modicum of activity. The effect of the device, however, is not to be measured only by the instances in which it has been used: the threat of its use can be equally effective.¹

Whether such shortcomings as “unimaginative, half-hearted, self-satisfied, incompetent” state agencies have been guilty of are too high a price to pay for the grant-in-aid principle is not for this volume to say. Neither can it be said with any degree of certainty whether such weaknesses would be cured, or aggravated, under increased central control by the federal government.

Even if it could be shown that, as many observers have contended, results achieved under existing grant-in-aid programs were reasonably satisfactory, this would not necessarily mean that a work program administered on such a basis would prove equally successful. For instance, several authorities² point out that grants-in-aid can be successful only if the various levels of government concerned are in general agreement with the purposes being sought. Therefore, old-age assistance, about which there is little disagreement, might be expected to be more efficiently administered on a grant-in-aid basis than relief to employables with respect to whom local attitudes vary widely.³

Conversely, the principle of administration to hold most promise for a program like that of the WPA (or any other designed to meet needs arising from unemployment) might not necessarily be appropriate for other types of welfare programs.

¹ The Administration of Federal Grants to States. Public Administration Service, Chicago, 1937, pp. 173-174.

² See, for example, *Ibid.*, chap. 12.

³ See chaps. 2 and 3.

The Broader Issues

Thus, one might well say of the public welfare field what Robert D. Leigh has said of the fields of public health and education:

. . . whole functions, such as health or education, break themselves up into specific services or units of activity to which different principles apply and which, therefore, require different degrees of centralization. . . .

Discarding the comfortable methods of general formulae and principles of universal application as solutions of the federal problem . . . we must then proceed to the more difficult task of reexamining the actual federal . . . services with the view to applying in detail such general principles of geographical allocation of work as are found relevant.¹

Administrative vs. Financial Responsibility

The extent to which the federal government, as opposed to states and localities, should control programs like that of the WPA depends upon how the costs are distributed. Important to discussion of this issue is the belief, widely held among public administrators, that he who pays the piper should call the tune. President Roosevelt, for example, was reported in December, 1938, as saying that so long as the federal government was providing most of the money, it should keep a tight rein over relief spending and administration.²

Although the President in April, 1939, declared that a system of "handling unemployment relief through a system of grants . . . to states . . . has as many disadvantages as there are local political units in the nation"³ he had, only a few months before,

¹ Federal Health Administration in the United States. Harper and Bros., New York, 1927, pp. 435-436.

Of this issue Jane Perry Clark has written: "Each [federal-state] cooperative arrangement . . . is designed to serve only in relation to the need of particular projects of government, in widely differing fields, such as control of oil production and the development of numerous social services. Each cooperative arrangement, no matter what its kind, is designed primarily as a means of forwarding specific projects of modern government. Therefore, cooperative devices bear such a close relationship to the special requirements of different subjects and particular situations that it is dangerous to attempt to separate the component parts and to make generalizations concerning arrangements divorced from the particular ends they are designed to serve. As the aims of road building are different from those of old-age pensions, so their methods and administrative plans are to a large extent dependent upon the particular subject matter, despite the fact that both are forwarded by means of grants of money from the federal government to the states. Furthermore, each cooperative arrangement is closely intertwined with the special social, economic, and political conditions in particular states and with the political problems of the federal government as well."—*The Rise of a New Federalism*. Columbia University Press, New York, 1938, pp. 9-10.

² Conditions indicating need for substantial federal contributions toward the cost of unemployment relief are discussed in chaps. 26-29.

³ As quoted in the *New York Times*, April 28, 1939.

The WPA and Federal Relief Policy

vigorously defended the grant-in-aid principle as it applied to the social security program.¹ This divergence in points of view may be attributable to the fact that the federal government bears a proportionately larger share of the cost of the WPA than of federally aided security programs.

Inasmuch as the federal government normally contributes 50 per cent of the cost of assistance programs administered on a grant-in-aid basis, but contributes approximately 80 per cent of the cost of the WPA program, it may be fair to assume that somewhere between these two proportions lies the magical point at which the federal government, in the opinion of various officials, should assume responsibility for direct administration of a program for which it provides "most of the money."

A point of view much like that of the President was once expressed before a House Committee by Aubrey Williams, who declared that since states and cities could not meet needs for unemployment relief "the Federal Government has got . . . to be the major financing agency. . . .

". . . I believe that the agency which expends the money must control and be responsible for its expenditure."²

This same consideration was among those most frequently ad-

¹ Instead of attacking, he extolled federal grants for social security, saying: "Much of the success of the Social Security Act is due to the fact that all of the programs contained in this act (with one necessary exception) are administered by the States themselves, but coordinated and partially financed by the Federal Government."—*Ibid.*, January 17, 1939.

² U. S. House Committee on Appropriations (Hearings), Supplemental Appropriation, Relief and Work Relief, Fiscal Year 1938. 75th Congress, 3d Session. 1938, p. 63. In direct contrast with the federal administration's position regarding the importance of retaining control over funds appropriated for work relief is that of certain Republicans in Congress. Senator Vandenberg, for example, once advocated and introduced a bill to effectuate the principle that "*complete* power of decision relative to the type of relief, and *complete* responsibility for subsequent administration" be given to the states despite the fact, which he admitted, that the federal government must continue to accept "primary . . . obligation to finance the major costs of feeding, sheltering, and clothing all worthy Americans who are in need."—"Pro—Should Relief Funds Be Administered by the States?" in *Congressional Digest*, vol. 15, nos. 6-7, June-July, 1936, p. 177. (Original not italicized.)

Similarly, William J. Ellis, commissioner of the New Jersey Department of Institutions and Agencies, and one-time chairman of the Committee on Relief established by the Council of State Governments, has declared: "Even though work relief may continue to be financed to 90 per cent or more of its whole cost by the federal government, there are substantial reasons why administration should be transferred to state and local governments. . . ."—"The Case for State-Local Administration," in *Public Administration Review*, vol. 1, no. 3, Spring, 1941, p. 236.

The Broader Issues

vanced in Great Britain in 1933 during the fight to nationalize that country's program of relief to unemployed workers.¹

The principle that with support goes control implies that he who is asked to help pay the piper must be allowed to call at least a few of the tunes. Thus, when it was decided, early in the history of the WPA program, that federal funds were to be supplemented with "contributions" from state and local governmental agencies, the co-operating units were allowed to designate the projects to be undertaken.²

Those who deplore such control as local and state authorities have been given under the WPA program must face the possibility that if these bodies are deprived of their present roles, further funds from their treasuries might not be forthcoming to augment federal appropriations for the WPA.³

It has sometimes been argued that it is important to continue to receive state and local contributions to the WPA program in order to increase the total funds available even though ⁴ this may result in a less equitable distribution of costs and more costly tax collections. Furthermore, it is said, financing programs of this kind from several tills makes the cost easier for the taxpayer to bear since it does not all appear on one bill! Nevertheless, a research report made to and published by the Canadian Royal Commission on Dominion-Provincial Relations strongly recommended against dividing financial responsibility for unemployment relief, contending that when responsibility is divided there is a tendency

¹Of this the Minister of Labour once declared: "The local authorities are at present administering transitional payments on behalf of the central government, but without any financial responsibility at all. There is a complete divorce between the responsibility of the central authority, which is providing the money, and that of the local authority, which disburses it. I venture to lay down this rule as axiomatic, that, if the responsibility is to be a national obligation, the administration can no longer remain local but must be national also."—As quoted in John D. Millett's *The British Unemployment Assistance Board*, McGraw-Hill Book Co., Inc., New York, 1940, p. 35.

²Local and state agencies, though not necessarily the same ones contributing to the cost of the program, were also given some say as to who should be employed.

³Though it is likely that local and state authorities shorn of all control over the WPA program would prove most unwilling contributors to the cost of that program, it does not necessarily follow that financial contributions could not be secured. In Great Britain, for example, where the rivalry between the local and national governments has been every bit as keen as that in the United States, local governments were, by the act of 1934, required to pay part of the cost of unemployment assistance which is nationally administered.

⁴As shown in chap. 27.

The WPA and Federal Relief Policy

to concentrate attention on the "apportionment of the costs . . . to the detriment of other considerations." The report continued:

If responsibility were entirely with the government, attention would be concentrated where it should be, namely, on the terrific financial burden of unemployment to the country and the necessity of reducing that burden through the most efficient organization of relief possible and through combating the causes of unemployment. Canada has not been aggressive in meeting the causes of unemployment, and although it is true that unemployment cannot be eradicated, it can be lessened by thorough-going preparation along the lines already mentioned to cope with the causes of unemployment. . . .

With the whole problem of unemployment in the hands of one authority, the taxpayers of the country would know what were the immediate cash costs of the problem. This knowledge should exert a constant pressure on that government for efficiency and economy in the administration of unemployment aid and for dealing with the causes of unemployment.¹

Whether or not programs like that of the WPA should be financed exclusively from federal funds involves consideration of the degree of control that may safely be given to state or local authorities. If a high degree of national uniformity² is desired, any considerable financial contributions from state and local governments may prove something of an obstacle. In this connection it is interesting to note that relief officials in various parts of the country have admitted that opposition by local authorities to what a federal agency does in their bailiwicks often results less from opposition to the policies inaugurated than from resentment over being told what they may and may not do with their own money. Thus, questions regarding the degree of control that the federal government can and should exercise over a program like that of the WPA are inextricably bound up with further questions as to what proportion of the cost of the program should be borne by each level of government. Answers to these questions, in turn, will hinge on one's theories of taxation and the desirability of attempting to levy taxes in accordance with ability to pay and in such a manner as will be most economical and work least hardship on taxpayers.³

¹ Grauer, A. E., *Public Assistance and Social Insurance: A Study Prepared for the Royal Commission on Dominion-Provincial Relations*. J. O. Patenaude, Ottawa, 1939, Appendix 6, pp. 30-31.

² Discussed in the succeeding chapter.

³ See chap. 27.

The Broader Issues

Economy vs. Waste

Efficient administration of the WPA program, according to administration leaders, can be assured only by continued federal operation. Colonel Harrington, in a radio address, once put the case thus:

... the program is federally controlled and administered, and all our experience indicates that such control is necessary. While local control of direct relief may be feasible, a work relief program financed with Federal funds must, in my opinion, be federally administered. We speak in the light of considerable experience in that matter. Any attempt to have a work program administered by forty-eight states, more than 3,000 counties, and countless municipalities, with the diversity in planning and operation that this would occasion, would inevitably lead to inefficiency, waste and confusion.¹

Conflicting sharply with the claims of administration supporters are those of critics who maintain that increased state and local control will result in greater economy. In the opinion of Senator Robert A. Taft of Ohio, for example, return of relief administration to states and localities would mean halving, approximately, the cost of relief with no lessened efficiency.

A similar statement made by Republican candidate Landon during the 1936 presidential campaign drew from Harry Hopkins a series of questions as to how he intended to cut relief costs. Would it be done, he asked, by cutting administrative expenses which then (he said) amounted to less than 4 per cent of total expenditures? By reducing payments to workers who were then getting an average of about \$50 per month? By increasing contributions from states and local communities which were already paying approximately 20 per cent of the cost of WPA projects and which depended primarily upon real estate taxes for their incomes? By substituting the dole for work relief? Mr. Landon "can't make his big cut in relief costs any possible way except by putting able workers on the dole!" concluded Mr. Hopkins, answering his own questions.²

¹ WPA Release 4-1901, February 26, 1939.

² WPA Release 4-1346, October 18, 1936. Pressing his attack upon Mr. Landon for suggesting economy in relief expenditures, Mr. Hopkins recalled requests for federal funds which Mr. Landon had made while serving as Governor of Kansas. "Governor Landon says we are extravagant," said Mr. Hopkins derisively. "Well, the best way to judge that is to compare what we have spent in Kansas with what Governor Landon *asked* us to spend. From 1933 to last year, he himself urged us

The WPA and Federal Relief Policy

It seems clear that proponents of increased state and local control over the WPA program do, in fact, expect to effect economies by reducing benefits and allowing state and local authorities to choose whether needy unemployed workers shall be given work relief, direct relief, or none.¹

When Howard Hunter in 1939, in his turn, criticized critics who charged that the costs of administering the WPA would be lowered by increased state and local control, he declared that the "facts show the contrary." Costs of administration of relief under state control, said Mr. Hunter, "never got below 10% of the total, and today the average administrative expense of state relief administrations is about 16%. Compared with this, the administrative expense of the WPA . . . actually averages less than 3½ %."²

Unfortunately, these claims, like many others relating to the complex problem of administrative costs, need considerable qualification before they can be seen in their true light. As already shown in some detail³ administrative costs reported by the WPA (which have amounted to 3.5 or 4.5 per cent of all expenditures) represent only costs of administration paid from WPA funds and do not reflect at all the costs of other necessary administrative services rendered by other federal, state, or local agencies and paid for from funds of those agencies. Most important, perhaps, is the fact that administrative costs as reported by the WPA include none of the costs of investigating and reinvestigating, certifying and recertifying the eligibility of millions of workers referred by state and local relief agencies for employment by the WPA.⁴

Mr. Hunter's comparisons also ignore such factors as differences in the average benefits provided under the WPA as opposed to state and local relief programs, differences in the number of individuals served, the relative frequency with which agencies

to spend 28½ percent more than we actually did. If we had followed his signed requests, we would have spent \$12,300,000 more than we did in Kansas alone!"—*Ibid.*

¹ See chap. 31.

² WPA Release 4-1957, May 15, 1939.

³ See chap. 4.

⁴ Although it is recognized that there is some question as to whether the costs of various services here referred to are properly chargeable as "administrative costs," they are the same types of expenditures as those which are usually taken into account in computing costs of administering the WPA or relief programs.

The Broader Issues

attempt to review the eligibility of those granted aid, and, finally, the variety of services rendered. To relate administrative costs only to total expenditures, therefore, is manifestly unfair.

So complicated is this problem and information on it so scattered that it may safely be said there are no reliable data indicating the administrative superiority and economy of administration by either the federal government or by state and local governments. Nevertheless, it is significant that impartial students who have scrutinized WPA administration either from the broad national perspective¹ or from the more restricted point of view of operations in a given locality² have found that despite the many handicaps imposed upon the program by its nature and by Congress, it has been well administered.³ Even as early as 1937, when the WPA had been in existence only about two years, *Fortune* magazine reported as follows on the results of a survey that had been made of the program: "One conclusion of the research will perhaps startle you: this impartial and wholly unbiased survey gave strongest support to the feeling that the *machinery* . . . of the damned and despised WPA functions with an efficiency of which any industrialist would be proud."⁴

That this could have been said, regardless of various obstacles to efficiency and sound administration, is indeed a tribute to the caliber of many officials who have been drawn into WPA service.⁵

¹ See Macmahon, Millett, and Ogden, *The Administration of Federal Work Relief*. Public Administration Service, Chicago, 1941.

² Millett, John D., *The Works Progress Administration in New York City*. Public Administration Service, Chicago, 1938.

³ Commenting upon state as opposed to federal administration in general, and not with respect to WPA operations alone, George C. S. Benson, in his book, *The New Centralization: A Study of Intergovernmental Relationships in the United States*, has written that although there are noteworthy exceptions ". . . state governments are inferior administratively to the federal government. Two-thirds of the states lack genuine merit systems for selection of personnel, and only three or four have salary levels sufficiently high to attract competent administrative or professional staffs. . . . Moreover, those departments which in every state show uniformly high administrative efficiency are generally those in which the federal government, through grants-in-aid, is exerting some pressure for maintenance of standards."—Farrar and Rinehart, Inc., New York, 1941, pp. 40-41.

⁴ "Fortune's Wheel," vol. 16, no. 4, October, 1937, p. 42.

⁵ The quality of some of these officials is well attested by the more demanding roles many of them have been called upon to play in the prosecution of World War II. For example, Leon Henderson, formerly economic consultant to the WPA, at this writing holds the important office of administrator of the Office of Price Administration; Robert H. Hinckley, once assistant administrator of the WPA, was subsequently made chairman of the Civil Aeronautics Administration, then Assistant Secretary of Commerce—a post he resigned when he became associated with the Sperry Corporation in 1942. High on any list of WPA administrators who have

The WPA and Federal Relief Policy

Not only the higher officials, but also a host of lesser WPA employes are now serving in various emergency and war agencies where—because of previous experience in the far-flung operations of the WPA, in working under pressure and under quickly changing conditions—they are serving with conspicuous success.

Better Co-ordination—but with What?

Closely related to the question of economy of operation is the argument that if control over the WPA program were shifted to state and local authorities immediate economies could be effected through closer co-ordination of work relief and other assistance measures. This assumes, of course, that employment provided for unemployed persons of the United States is to be continued on a relief basis.¹

If, as an increasing number of authorities and observers suggest, work for those who are unable in this richest of all lands to find other jobs is to be kept as nearly like normal employment as possible, then co-ordination with relief measures may be something to be avoided. Instead, it may be important to gear the work program with other nationwide efforts to stabilize employment, to retrain workers, and to help workers to relocate. A program of this kind might better be co-ordinated with the public employment offices (which since 1941 have been federally operated) than with relief programs, regardless of their auspices.

Federal vs. State and Local Politics

Both those who favor and those who oppose continued federal control over the WPA program claim that only by following their proposals can politics be kept out of relief!

For example, Republican Senator Steiwer of Oregon once declared that if his party had the chance it would return control of

attained a national reputation, one must place Brehon B. Somervell whose distinguished administration of the WPA in New York City ended only with the beginning of a meteoric career in World War II in which he is now serving as Lieutenant General in Charge of Services of Supply. He has been discussed as a possible successor to the Chief of Staff should that officer be selected to command the United Nations' forces in the field. Finally, of course, there is Harry Hopkins, personal friend and adviser to President Roosevelt and representative extraordinary to London and Moscow. In the opinion of Raymond Gram Swing, keen observer and leading commentator, Mr. Hopkins has proved himself "one of the best administrators of his generation."

¹See chap. 14.

The Broader Issues

relief to state and local agencies so that "public money voted for relief . . . will be employed to feed hungry mouths and not to feed hungry political manipulators. . . ." ¹

Similarly, a group of Republican representatives and senators in 1936 advocated increased local control "on the theory that a properly set up local administration by states would be more responsive to the demands of the localities and less likely to indulge in politics, because more open to attack." ²

From the other side of the fence, pointed comment has not been lacking. "Whatever politics there may be in it now," Howard Hunter once declared, would "be multiplied by some three thousand counties and twelve thousand townships" were relief to be returned to local administration. "Let us not forget," he continued, "that local politics got so bad under the Federal grants-in-aid system that in six states, including Senator Taft's State of Ohio, the Federal Government had to completely take over relief administration on account of local political manipulation." ³

Most ardent of all defenders of the good name of the federal government, however, has been Harry Hopkins. Choosing Philadelphia (certainly not the least appropriate of possible choices) as his vantage point, Mr. Hopkins once berated his accusers who charged him with mixing politics with relief. Pointing out the depths to which political manipulation of local relief sometimes sank, Mr. Hopkins declared:

In 1932 there were nearly a million and a quarter Pennsylvanians out of work—over 30% of your working population. Another 30%, according to the Governor were working half-time or less.

In this crisis . . . your State legislature voted \$10,000,000 in the First Talbot Act. Your Governor said the law was "conceived in politics and born in hatred." It turned the money over to the local Poor Boards without supervision. The contemptible story of what happened to it has now been ferreted out—waste, discrimination on the basis of grudges, favoring of particular grocery stores, squeezing the destitute out of compensation and insurance.

¹ As quoted in the *New York Times*, May 3, 1936.

² *New York Herald Tribune*, April 14, 1936.

That Republican charges of political administration of the WPA cannot be taken at face value has been suggested by Robert S. Allen, Washington correspondent, who once wrote: "The hullabaloo about 'politics in relief' . . . is just a smoke screen. . . . Privately the Tory leaders admit this; a few of them go farther and joke about the 'politics in relief' uproar."—"WPA—or the Dole," in the *Nation*, vol. 148, no. 5, January 28, 1939, p. 111.

³ WPA Release 4-1957, May 15, 1939.

The WPA and Federal Relief Policy

Local political racketeers paid personal taxes with this money. The stories of many of these boards, for years back, are utterly incredible. Official reports show that one district bought 5,800 cigars for its officials in 1931 at 11 cents each, and 20 cases of rye whiskey for \$1,000. In another, 528 bottles of ginger ale and 950 cigars helped to build up an administrative overhead of 36 percent. When an investigation threatened, many of the records were mysteriously burned. Members took their wives to conventions on relief money, framed dummy real-estate deals and worked insurance rackets. They paid big architects' fees in periods during which there was no construction. One board was entirely above favoritism. *It divided the relief money evenly among all the qualified voters!* This is the picture of local Poor Board relief.

There are dozens of such examples in the public records. Whole families of officials got special favors. Stores were favored which charged exorbitant prices. Records were sketchy or non-existent. In 1934 the State Auditor-General said *one-seventh* of the First Talbot Act money went for questionable or illegal expenditures.

These boards were manned mainly by ward-heelers. Administrative expense ran from 13 to 40 per cent. For the whole State in 1933 it was over 18 per cent, in Philadelphia over 27 per cent. . . .

I suppose Ex-President Hoover must know something about this history, yet he spoke to the Republican Women of Pennsylvania here in Philadelphia only five months ago and this is what he said:

"Return the administration of relief again to State and local non-partisan committees of leading citizens. Give them such Federal subsidy as meets the need of the unemployed. Take the favoritism of politics out of the bread of relief."¹

Somewhat more recently William H. Matthews, one-time director of the Association for Improving the Condition of the Poor, an agency in which Mr. Hopkins gained some of his early social work experience, wrote:

. . . let us not be so simple as to think that by transferring the relief to local communities all "politics in relief" will disappear. The grossest irregularities that have been written of from time to time, not only as to relief of the unemployed but also in connection with the administration of the old age assistance act in certain states, have been due to the deviltry and dishonesty of local rather than federal administration.²

That these are not isolated and exceptional observations, though they cannot, of course, be applied to *all* local administra-

¹ WPA Release 4-1338, October 13, 1936.

Attacks by federal officials upon the extent to which state and local relief programs are riddled with politics are not without their humorous aspects. Deficiencies in these programs in this regard, as well as in others, are nothing that could not be at least partially, if not wholly, corrected, given some federal leadership mixed with a little federal aid and topped off with a touch of the Hatch Act.

² Adventures in Giving. Dodd, Mead and Co., New York, 1939, p. 233.

The Broader Issues

tion, is readily apparent from the wide variety of evidences available. For example, a discussion held by a group of public welfare officials themselves (under the auspices of the American Public Welfare Association in 1939) was summarized as follows:

In many states a twentieth century categorical assistance program is accompanied by sixteenth century general relief. Administration by local elected officials with no state aid or supervision in the program has led inevitably to the worst kind of partisan manipulation of relief. One middle western state was cited as having regular pre-election and post-election relief policies. In one township, it was noted that there was a decrease of nearly 60% in total monthly expenditures following the local primary. In another township, medical care for dependent persons cost over \$70,000 in less than two years, the entire sum going to one physician.¹

Granting that local and state relief administration is sometimes tainted with venal politics, there is no certainty that any given program can escape political manipulation merely because it is operated by federal authorities.² Who would want to guess what the "Ohio gang," for instance, might have done with the FERA, CWA, and WPA?

And, just as there have been evidences of political machinations on the part of local and state authorities administering relief programs (as evidenced by the FERA's taking over administration in six states and the Social Security Board's withholding funds from Ohio and Oklahoma because of their politically controlled program) so also has there been scattered evidence that the WPA may not be wholly blameless nor above reproach in this regard. Nevertheless, as shown elsewhere in this volume, the WPA has made heroic efforts to keep politics from affecting adversely the

¹ General Relief: Summary of a Conference Discussion. The Association, Chicago, May, 1939, p. 4.

² For example, Robert D. Leigh has written: "The most disastrous defects in the provision for veteran care, as we have seen, were . . . too much politics, the intermeddling of Congress in the plans framed by the experts, and the reckless assignment of the task of central administration at a critical stage by the Chief Executive to a political adventurer who made a disgraceful exhibition of spoils and the ethics of piracy in his control of men and money." However, he continued, "Such political meddling and Presidential irresponsibility are in no sense more connected with national or centralized government than with state or municipal governments. It would be flying in the face of the plain facts derived from ample experience to ascribe to state legislatures or city councils more respect for the matured judgment of experts than is exercised by Congress, or to governors or mayors higher levels in appointments or surer safeguarding against partisanship, spoils, and graft than is exercised by the President or the national administrative establishment generally. On the whole the balance is unfavorable to the smaller units."—Federal Health Administration in the United States, pp. 437-438.

The WPA and Federal Relief Policy

selection of administrative personnel, the selection of projects for prosecution, the selection and employment of project employes, and the total volume of employment provided.¹ This has been particularly true since 1939. Whether states and localities could have matched—or improved upon—this record is debatable.

Because of difficulties inherent in the process of ferreting out evidence of political activity in connection with the WPA program, objective data on the question are lacking. Unfortunately not even the special Senate Committee which was established to investigate alleged political abuses of the WPA in 1938 pretended to make a comprehensive first-hand study of the extent of possible exploitation. It went no farther than to investigate specific cases that were brought to its attention. Only a few of these were found to have been valid. In a summary appraisal of the revelations made by this Committee (known as the Sheppard Committee) Macmahon, Millett, and Ogden have written:

The charges made before the Senate committee involved, not WPA administrative officers in Washington, but officials at the state and local level. Nothing indicated that WPA headquarters encouraged local political activity by its state personnel or condoned it. The Senate committee made no reference to the possibility that the practice of senatorial confirmation of state WPA administrators might have had anything to do with political activity within their organizations. Who sponsored the appointment of the state administrator would have been a logical question with which to begin an inquiry into local WPA practices.²

What is even more striking about the Sheppard Committee's report is that the abuses cited were as often attributable to persons outside the WPA as within it. For every misdeed of a WPA official there seemed to be at least one—if not more—ascribed to petty politicians, local or even state authorities, who had no direct connection with the WPA program. In fact, in Kentucky where charges of "political" administration of the WPA had been particularly rife, the Committee found that contributions to the campaign fund of Senator Alben Barkley, the favorite of the Roosevelt administration whose election the WPA was said to have abetted, totaled only \$24,000. This was subscribed by employes of a number of governmental agencies of which the WPA

¹ See chaps. 4, 5, 12, and 24.

² *The Administration of Federal Work Relief*, pp. 287-288.

The Broader Issues

was but one. Contributions from state employes to the campaign fund of Governor "Happy" Chandler, Senator Barkley's opponent, on the other hand, were reported to have totaled "in the neighborhood of \$70,000," or nearly three times the amount collected for the administration's favorite.¹

Though specific knowledge of the extent of possible political machinations on the part of WPA officials is not available it is clear that if existing safeguards are insufficient to protect either administrative or project employes or the public against political depredations there is a whole gamut of possible ways of controlling these activities without resorting to the extreme step of relinquishing to state and local authorities control over the WPA program. For example, enforcement of the Hatch Act may be lax in states where infractions of it redound to the advantage of the national administration or, perhaps, of a favored senator; such states may need to encourage, by legislation if necessary, their state and local law enforcement officials to take appropriate steps if and when federal officers fall down on the job.

ARGUMENTS RAISED AGAINST HIGHLY CENTRALIZED CONTROL

Opposition to federal control over a program like that of the WPA—as over other kinds of social programs—is often based upon claims which run directly counter to those made by advocates of a high degree of centralization. Both those who favor and those who oppose centralized control contend, for example, that only by effectuation of their views can a program like that of the WPA be administered economically and humanely and without political interference—considerations which have already been alluded to.

Greater Likelihood of Inflexibility and Bureaucracy

Prominent among further arguments advanced in opposition to federal control is the contention that this is likely to result in unduly inflexible administration and to contribute to the development of an unhealthy bureaucracy—a term which is often loosely used to cover a multitude of administrative sins. Typical of many

¹ U. S. Senate, Report No. 1 (Pursuant to S. Res. Nos. 283 and 290, 75th Congress). 76th Congress, 1st Session. Part I, January 3, 1939, p. 12.

The WPA and Federal Relief Policy

such criticisms of federal control is that voiced by President Hoover in 1931 when he declared:

The moment responsibilities of any community, particularly in economic and social questions, are shifted from any part of the nation to Washington, then that community has subjected itself to a remote bureaucracy with its minimum of understanding and of sympathy. It has lost a large part of its voice and its control of its own destiny. Under Federal control the varied conditions of life in our country are forced into standard molds, with all their limitations upon life, either of the individual or the community. Where people divest themselves of local government responsibilities they at once lay the foundation for the destruction of their liberties.¹

Criticism of this type obviously applies not only to relief measures but to public administration in general and involves many questions that cannot be considered here. Nevertheless, it is important at this point to note that inflexibility and the "standard molds" which Mr. Hoover strongly implies should be rigorously avoided, are not inevitable concomitants of central administrative control over a program of public employment. For, as shown elsewhere in this volume,² federal control exercised over the WPA in the past has permitted and, in the future, can no doubt continue to permit, necessary accommodation to local needs. However, to say that centrally controlled administration can take cognizance of genuine and defensible differences between one area and another does not, of course, mean that it should—as many critics raising the cry against "bureaucracy" seem to expect—yield to every local whim and prejudice. Neither should it aid in perpetuating indefensible localisms resulting not from the free choice of the people but from their poverty or inability to change them. Were central control to capitulate before every set of unique local circumstances, it could easily fail to realize values which, in the best interest of the nation as a whole, should not be compromised.

If one fears in a bureaucracy not its alleged inflexibility but the danger that vast administrative organizations may attempt to extend their lives and their programs longer than necessary, then it might be replied that the broader an agency's jurisdiction, the less difficulty it might be expected to have in reducing staff and activities when need in a given area grows less. A national agency

¹ As quoted in the *New York Times*, February 13, 1931.

² See chap. 31.

The Broader Issues

has much more opportunity than an organization of narrower scope to transfer personnel to some area where need might remain unabated or even be increasing.

Danger of Drying Up Local Resources

A further objection that has been raised against federal participation in relief measures is that this is likely to "dry up" local resources (both governmental and non-governmental) which might otherwise be available for relief needs. As Walter S. Gifford, chairman of President Hoover's Organization on Unemployment Relief, put it, back in 1932:

Should . . . community and State responsibility be lessened by Federal aid, the sincere and wholehearted efforts of the hundreds of thousands of volunteers engaged both in raising and administering relief funds would doubtless be materially lessened. Individuals would tend to withdraw much of the invisible aid they are now giving; private funds raised by popular subscription would become less; efforts to spread work and to provide work that would not be done except for the emergency would be lessened; business organizations would tend to do less for former employees. Communities, counties, and States undoubtedly would appropriate less public moneys. The net result might well be that the unemployed who are in need would be worse instead of better off.¹

Far from being dried up, state and local governmental funds for relief purposes have in recent years assumed mammoth proportions² undreamed of before the federal government came into the relief picture. Though undoubtedly attributable in large measure to the federal government's entry upon the scene, it is difficult to say, of course, what might have happened to local governmental expenditures for relief if federal leadership had not been forthcoming. However, even if federal participation in relief had resulted in decreased expenditures by local governmental units, this would all be to the good, say proponents of federal responsibility for relief. One of the primary purposes for drawing the federal government into the field, they declare, is

¹ U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. Government Printing Office, Washington, 1932, p. 313.

In speaking of invisible aid, Mr. Gifford referred "to the cash aid and the board and lodging extended to relatives, friends, and neighbors; to the aid given by religious, fraternal, labor, and other organizations; to the voluntary or involuntary remission of debts by merchants, landlords, and others; and to the aid—quite real in this depression—extended by business concerns to former employees."

² As shown in chap. I.

The WPA and Federal Relief Policy

to ease the financial burden upon property owners and consumers and to shift a larger share of the burden to those most able to pay.¹ Furthermore, even if it could be shown that federal participation in relief measures had resulted in lessened contributions for this purpose by private agencies and lesser units of government, this would not prove that the springs of human sympathy had been dried up. The streams flowing from them might only be diverted into new channels.

Although the people of the United States came slowly to the realization that relief needs cannot be met without federal assistance, it was recognized almost from its founding that the nation's defense could not depend upon volunteers and locally enlisted and locally paid troops. In the long future there may be no more complaint about the danger that federal action will dry up local sympathy and resources for needy people than there is today about the danger that building a national army, navy, and air force will dry up the springs of patriotism and the willingness to serve and sacrifice for one's country.

"Don't Put All the Eggs in One Basket"

Still another argument sometimes advanced in opposition to centralized control is that it is poor policy to put all the eggs in one basket. Under a highly centralized system, it is said, discovery of even one or two bad spots in a program may undermine public confidence in the whole. This danger has frequently been illustrated in congressional debate where a single misstep by a WPA official or one project of questionable value has been interpreted to mean that the majority of WPA officials are rascals and most projects worthless.

Under a program controlled by the states, say the critics of centralized control, evidences of maladministration can be more readily condoned as characteristic only of the region in which they are discovered. Of this a representative of the Sentinels of the Republic said to a Senate Committee in 1932 :

The fatal effects on the populations of other countries directly traceable to donations from the public purse are admitted alike by the historians of the Ancient Roman Empire and of the modern nations where such a policy has been pursued. . . . If in the stress of actual conditions our municipalities, or the States of this Union see fit to repeat these experiments for them-

¹ See chap. 27.

The Broader Issues

selves, it is their right to do so at their own risk and the risk of their inhabitants. On the comparatively small scale on which these governments act it may be possible for them to retreat from such a course if and when it proves too costly or deleterious. On the scale on which the Government of the United States acts, the cost would be staggering . . . the responsibility of administration remote from the people's control, and the consequences economically and morally too serious to be calmly envisaged by anyone with the good of the Nation at heart.¹

While admitting some validity in claims like these, persons who favor a relatively high degree of federal control over programs like that of the WPA insist that,² by and large, the effect of federal control is to keep to a minimum administrative abuses, inefficiency, and political control which tend to shake public confidence.

Furthermore, it is held that one single program like that of the WPA makes it easier for observers and interest groups that are really concerned for efficient administration to keep a watchful eye on it. If instead of one single program there were 48 separate schemes, attention of the relatively few people who are genuinely interested in improving the quality of work programs would doubtless run into no little trouble trying to keep their eyes on so many baskets.

Experimentation

It has been further claimed that decentralized control permits a higher degree of experimentation than does the centralization which tends to deal with all sections of the country under uniform regulations.

When applied to a program like that of the WPA—which in itself has been one of the most gigantic and imaginative experiments ever made in the field of social welfare—claims that increased state and local control offer greater opportunity for experimentation lose much of their cogency. Furthermore, it is, of course, impossible to say whether increased state and local control would have resulted in greater or less experimentation than the WPA has, as shown in earlier chapters of this volume, undertaken at various times and places in its attempts to discover different and better ways of selecting workers for employment, of

¹ U. S. Senate Committee on Manufactures (Hearings on S. 174 and S. 262), Unemployment Relief. 72d Congress, 1st Session. 1932, p. 354.

² As shown in a previous section of this chapter.

The WPA and Federal Relief Policy

prosecuting projects, and of executing its total program. That emphasis on the allegedly superior interest and capacity of state and local agencies to conduct useful experimentation may be somewhat overrated has been suggested by George C. S. Benson who has written:

. . . state and local units do not seem generally to have functioned as satisfactory experimental laboratories. It is true that new devices and programs are often tried out in restricted areas, but the utility of such "experiments" is questionable if no scientific recording or evaluation of results occurs and if there is no consistent effort to transmit to other units the conclusions drawn from the experiment. Sometimes the blame is to be laid on the experimenting unit when it fails to make available in practical form the results of its experience. More frequently indifference, venality, or incapacity on the part of officials in other communities is responsible for the relatively small degree to which intelligent use of the existing data is made.

Thoughtless *imitation* does often take place—but this is by no means desirable and at times may be actually deleterious. A system may be taken over *in toto*, bad and good details together; the idea but not the valuable essentials of a good plan may be taken over; or a good plan may be transferred in entirety into an environment so radically different that adjustments to local needs should have been made. . . .

Frequently—especially on the local level—the situation is not due to the venality, indifference, or inability of the officeholders. It is due to the fact that competent, honest men who have had no previous opportunity or occasion to study governmental problems are elected for relatively short terms. Before their initial ignorance can be remedied to any considerable extent, their term of office expires.¹

Whatever may be true in other fields, the achievements of the federal government, contrasted with those of states and localities in the field of work relief appear to justify completely Mr. Benson's observations.²

Leaving Federal Government Free for More Important Business

A consideration having special validity during times of great national stress, whether this is attributable to war or some other crisis, is that the responsibilities of the central government should be lightened as much as possible to permit fuller attention to the chief business in hand. In reply to this line of reasoning, expo-

¹ The New Centralization: A Study of Intergovernmental Relationships in the United States, pp. 38-39.

² Discussion of the probable effects of increased state and local control over work-relief programs is incorporated in chap. 31.

The Broader Issues

nents of central control over the WPA recall that in time of national crisis it is more important than ever to integrate the nation's work-relief program with all other steps taken to help the country in its extremity. Furthermore, it is held, the matter of meeting human need and providing jobs for those who have no other work is of such importance to the bolstering of the nation's morale and to helping it withstand severe strains that these responsibilities cannot, in time of crisis, safely be trusted to lesser levels of government.

Threat to Democratic Institutions

Finally, critics of centralized control aver that this is inimical to the preservation of democracy and free government. Stating the case of those holding this view, Paul Studenski and Paul R. Mort have written:

The trump card of the advocates of local government, at least in England and the United States, seems to be the argument that it promotes freedom, democracy, and responsible government. . . .

It is stated that under local self-government, local groups are free to manage their own affairs as they deem best, to venture on new undertakings, to make mistakes and to correct them in the light of experience, and that every active and interested member of the group is free to partake in this collective privilege. It is maintained that under local self-government the individual has a wide opportunity for self-expression; that he can influence the course of public affairs in the local group much more effectively than in the national group; and that his importance in the local group is considerable, whereas in the national group it is exceedingly small. Thus, it is said, local self-government enlarges the freedom of the individual.¹

The claim that local and even state administration as practiced in the various sections of the country represents the prize flower of democratic free government is not one that wins easy acceptance. The federal government has, in fact, demonstrated that a democracy can efficiently meet the challenge of providing employment for millions of workers who would otherwise have had to go without jobs. This may be regarded as a greater contribution to the preservation of democratic government than would have been likely to result from turning over to state and local authorities greater responsibilities for meeting needs arising from unemploy-

¹ Centralized vs. Decentralized Government in Relation to Democracy. The Bureau of Publications, Teachers College, Columbia University, New York, 1941, p. 5.

The WPA and Federal Relief Policy

ment. That this conclusion is warranted is suggested by Studenski and Mort who, in balancing the possible advantages against the previously enumerated dangers of centralized control, have written:

Central government equalizes the social, economic, and educational opportunities available to the people in various sections of the country. . . .

Proper centralization of government stimulates the civic interest of the people and broadens their civic outlook. . . .

A properly conceived central government does not restrict the freedom of the individual. . . . It endeavors, in a democratic country, to guarantee fundamental civil rights to all the citizens in any portion of the country. . . .

A well-conceived central government enlarges individual freedoms also by guaranteeing to the individuals freedom of enterprise over the entire national territory and by affording them an opportunity for a wider sphere of creative activity. The individual shares, in a democracy, in the determination of the large affairs with which the central government is concerned. The greater the scope of the public affairs, the greater the importance and responsibility of the individuals who share in their disposition.¹

Similarly, friends of continued federal control over the WPA program contend that—far from being a threat to democratic institutions—the national government's effort to meet human need in all parts of the country, to give jobs to those who have no work and to afford all the people of the nation a voice in determining how these policies shall be carried out, is not only no serious threat to democracy but is actually indispensable to the preservation and enhancement of free government in these United States.

¹ *Ibid.*, pp. 33-34.

